

# Business Plan for the Duluth Municipal Golf Operations

## Preliminary Report



For

City of Duluth, Minnesota

Parks and Recreation Division



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## *Executive Summary*

Duluth Golf as the municipal golf system for the City is called, has seen its performance decline significantly over the past several years. While it had consistently generated a positive Net Operating Income, it has not been able to cover the debt service. When the bonds were finally paid off, deteriorating conditions resulting from a lack of reinvestment, plus poor weather and flooding, has further eroded performance and increased the negative balance in the golf fund.

The report by the National Golf Foundation in 2011 identified a number of issues with regards to the Duluth Golf System. Among the biggest concerns were the declining conditions of both golf courses and their respective clubhouses. The NGF report also noted that the two facilities are currently fighting for market share over essentially the same market, while there exists a strong need in the area for a resort-quality public facility.

## **Capital Improvements**

While both facilities are in need of significant capital improvements, the situation at Enger is far worse than that at Lester. This situation that was only exacerbated by the flood last summer that destroyed one of the primary irrigation lakes and pump stations at the course. Due to environmental concerns, the lake cannot be recreated in the same location; severely restricting Enger's watering capability and thus reducing the condition of the course even further.

The deteriorating infrastructure at both courses, including major items such as the clubhouse, irrigation systems, greens, tees, drainage and bunkers, are a major factor in the facilities declining performance. This contention reinforced by a survey of golfers at both facilities that when compared to similar surveys conducted nationwide by the NGF, show these courses are rated in the bottom 10% (Enger in the bottom 1%) of all courses taking the survey for both overall satisfaction and for course conditions. Further, these ratings have dropped significantly since the same survey was conducted two years ago. On the other hand, the same survey showed that over 70% of the golfers at both courses would be willing to pay more to support capital improvements to the course and nearly half said they would be willing to pay at least \$5 more.

And while an argument could be made for either course being suitable for upgrade to a resort-quality course, Enger's situation, plus its proximity to downtown and the area's other primary tourist areas, make it the logical choice.

The issue then becomes cost and how to pay for the improvements. The cost for just improving the infrastructure at Enger's golf course would likely run close to \$9 million. The clubhouse would likely cost at least \$3 million, if built in the same location. The situation at Lester is likely to be similar.

## **The Opportunity**

Fixing the infrastructure at Enger would essentially restore the course to its condition when it was last redone in the 1990s. While this no doubt would improve performance, the situation would still exist where Enger and Lester are fighting over the same market.

On the other hand, both NGF and Sirius believe strongly that there is an outstanding opportunity to go after the very lucrative tourist and traveling golfer market. With 3.5 million tourists each year and with

Minnesota's participation rate the highest in the country at over 20%, we can predict that somewhere between 600,000 and 700,000 of these tourists are golfers.

Currently, neither Enger nor Lester gets significant play from tourists. This is because neither facility represents the type of facility golfers seek when they travel, nor does either facility market itself to tourists. Golfers when they travel rarely want to play the cheapest course. They want to treat themselves to a course that is different than what they regularly play at home. They want a course that is immaculately conditioned, challenging and aesthetically pleasing.

Not only do Lester and Enger not qualify, but there is not a public course in the Duluth area that does. So the demand is not being met. Further, there are thousands of golfers who are coming to the iron range **specifically** to play golf – at Giant's Ridge, Fortune's Bay and/or Superior National. These golfers are currently bypassing Duluth, even though most must drive right past or nearby.

Thus, by upgrading to a resort course, Enger would not only help satisfy the demand from the tourists already coming the Duluth (perhaps encouraging them to stay another day), but would attract the golfers coming to the area to play the other resort courses, but who are not now coming to Duluth. Furthermore, adding another resort course to the area would make the entire area more attractive as a golf destination, thus encouraging even more golfers to vacation in the area.

We also see a similar opportunity for the clubhouse. In studying the site, we determined that an alternative location for the clubhouse could dramatically increase its appeal – not just for golfers, but especially to tourists and area residents. The new location, at the far end of the driving range, offers spectacular views of St. Louis Bay around to the Lake and even of Enger Tower. Moreover, the new location would be closer to the Tower and very visible to visitors going there. As such, it would make an excellent amenity for Tower visitors, and especially to those wanting to have a wedding or outing there.

Currently, the Tower is a very popular spot for weddings, but there is no place for the reception nearby. The new clubhouse would make an outstanding spot for such receptions and other banquets because of its proximity to the tower and the aesthetics it offers.

## The Cost

The City hired noted golf course architect Jeff Brauer, who also had designed nationally acclaimed courses at Giant's Ridge and Fortune's Bay, to do a master plan for Enger. He put the cost for upgrading the course at Enger to resort quality (all 27 holes) at \$10,425,000.

Local architect firm DSGW Architects was hired to provide a workup and cost estimate of a new clubhouse, including a cart barn, at the new location. The new clubhouse, at 12,400 sf in size with banquet capacity of over 300 people, is estimated to cost \$4.8 million.

And these estimates do not include any improvements at Lester, which is also in dire need of capital improvements to the course and clubhouse.

## The Solution

We feel there is a way for Enger to solve ALL of its capital improvement issues and return the operations to profitability. But it will require significant changes to how the facility is operated, and implementing a three-point strategy to pay for the needed capital improvements.

The solution to tackling the capital improvement needs is to break them down into three component parts: 1) Lester Park, 2) Enger Park Clubhouse and 3) Enger Park Golf Course.

### Lester Park

While we feel Lester Park is in better shape than Enger, we do not think the City can afford to wait the 10 years or so it will take for the improvement in Cash Flow from Enger and Lester to be enough to support the additional debt needed to fix Lester.

One possible solution that has been raised is the idea of selling the Lake nine to a developer. Theoretically this could generate enough funds to fix Lester and possibly Enger as well. However, this is not a solution we would advise. We are always cautious about recommending a permanent solution to a temporary problem, or about losing a valuable asset. Part of the rationale for this solution is a belief that the Duluth market cannot support all 54 holes of municipal golf. We strongly disagree with this premise as we feel that the Duluth market CAN support both Lester and Enger – especially if one of the courses is repositioned in the marketplace to appeal to a wider market. Another concern we have is that the political process is always suspect and our experience with other municipalities suggests that the money received from the sale will NOT all be retained by the golf system. Instead, there will be a lot of hands reaching into the pot. So the City may end up losing nine holes of golf without fixing the rest of them.

Our solution is to lease Lester Park (preferably all 27 holes) on a long-term lease to an established golf course operator with the financial resources to make the capital improvements. The lease, which would likely be for at least 20 years, would be conditional upon the operator funding and making the needed capital improvements to the course and clubhouse. These improvements should be made over the next five years.

This model has been used successfully by municipalities across the country. We believe that with 27 holes and its aesthetic beauty, Lester will be an attractive target for a number of qualified companies. We note a number of measures that the City can adopt to protect itself with the lease.

This solution not only fixes the course at no cost to the City, but also guarantees the City a positive cash flow from the operation.

### Enger Park Clubhouse

With the relocation of the clubhouse and the addition of the banquet center, the proposed new clubhouse at Enger becomes much more than an amenity for the golfers. It now becomes a strong compliment to the Tower, especially with regards to hosting weddings and banquets as well as providing tourists visiting the park a suitable place to eat and relax.

Because of its wider appeal and because it will now become a wonderful new amenity for tourists, we believe the appropriate funding source for the clubhouse is the City's Tourism Tax. Moreover, this is one of the few investments of this tax money that will actually generate tourist tax revenue and generate a return on the investment.

### Enger Park Golf Course

This still leaves us with nearly \$10 million needed for the golf course. This would require annual payments of nearly \$1 million, using traditional funding. While it may be possible for the operation to get to the point where it may be able to make these payments, such a point would be many years down the road. Thus, we feel such an investment is not feasible at this time.

However, we do feel there is a viable solution. The answer is to focus on improving and upgrading 18 of the 27 holes to resort standards as planned, leaving the remaining nine to be a "value" leader. By picking the nine holes that is currently in the best shape to become the "value" nine, we greatly reduce the urgency needed for capital improvements to this nine. Thus, they may be delayed until the operation is

producing enough cash flow to support the additional debt. Further, as a Value nine, the cost of the improvements is reduced.

The reduction to 18 holes also reduces the time table and significantly reduces the costs. In consulting with Jeff Brauer, we believe the costs for upgrading to resort standards for 18 holes will be about \$6 million. (The cost to simply restore the course to its original conditions is estimated to be at least \$4.8 million.)

### *Timing and Phasing*

We recommend that an RFP for the leasing of Lester be issued as soon as possible if it is desired to have the operations taken over for the next golf season. Otherwise, it should be issued next summer, for take over January 1<sup>st</sup>. (The new operator needs to have a few months to prepare before taking over operations for the golf season).

Work will be done on nine holes at a time so that the facility will have 18 holes open throughout the renovation process. The new irrigation lake is the top priority and thus will dictate which nine will be renovated first. We are assuming the Front nine, which is currently in the best condition, will be the nine left open throughout the construction and become the “League Nine” when construction is complete.

We assume the following schedule:

- **Winter 2013-Spring 2014:** Complete design process for clubhouse and golf course
- **Spring 2014:** Issue construction RFPs
- **Summer 2014:** Begin wetlands delineation and other environmental permitting processes.
- **Fall 2014:** Begin clearing, first phase of operation.
- **Spring 2015:** Install netting at far end of range to allow usage during construction
- **2015:** Construction of the irrigation lake and first nine to be renovated.
- **Spring-Summer 2016:** Opening of first nine and new clubhouse. Begin construction of 2<sup>nd</sup> nine.
- **Spring 2018:** Grand opening of completed 18-hole resort course.

## Operations

Fixing the infrastructure is only part of the total solution. There also needs to be significant changes to the operation, especially if the course is to be repositioned to attract tourist play.

## Management

Our biggest issue with the current management structure is that the management company has no incentive to improve performance. They receive the same compensation regardless of whether the City makes \$1 million or loses \$1 million. We also do not like the fact that the compensation covers seven “management” positions. This creates a situation where, while there is no incentive to improve performance, the management company does have an incentive to pay the lowest amount possible for these key positions (excluding the two positions occupied by the owners of the management company), thus leaving more for the owners.

The management contract we find works best for municipalities is a “hybrid” contract that work like a combination of lease and management contract. In it, the operator is responsible for 100% of the operating costs, but not capital improvements. In exchange, the operator receives the majority of the revenue. The City also should have a safeguard in the contract that allows periodic reviews of the operation and financial consequences if the operator does not resolve issues found in a timely manner.

Unfortunately, such a contract is not allowed if the City uses tax-free municipal bonds to fund the golf course improvements. This is because IRS regulations forbid a management company from having a profit incentive. (They CAN have incentives in their contract based on revenue enhancement, however). This is why some municipalities are now using taxable bonds to finance the improvements.

If tax-free bonds are used, we would recommend a management contract that pays a supervisory fee only and does not include compensation for any management positions. It should also have an incentive portion based on increasing revenues.

## Marketing

The importance of marketing to improving performance cannot be understated. We have found that performance is often *directly correlated to the marketing budget*. The more that is invested in marketing, the better the performance.

But it is not enough to simply spend money; it needs to be done wisely and cost-effectively. This is especially important when we are talking about repositioning the course to target tourists and higher income golfers.

The marketing strategy should evolve as the facility approaches completion of the renovation. This report details many specific strategies that should be implemented. Among the most important are those related to the internet: a better website, social networking, and email campaigns among them.

### Rebranding

The repositioning of the facility to targeting tourists and higher income golfers *requires rebranding* of the facility. This is necessary not only because of its current market position, but also because of its poor reputation with regards to course conditions and overall golfer satisfaction.

The rebranding requires several important steps. These include:

- **New Name:** A new name is essential in establishing the fact that this is a totally different golf course than the one people are used to. However, it is *not* necessary to give up the “Enger Park” part of the name. What we would suggest instead is to name the individual courses, of which there will now be two – the 18-hole resort-quality course and the 9-hole “value” course. For this report, we used the names “Brauer Course at Enger Park” to signify the resort course, taking advantage of Jeff’s popularity and reputation in Minnesota. We called the 9-hole course the “League Course” as it will likely become the home to most of the leagues.
- **Logo:** A new logo is also essential in the rebranding process. As with the name, the logo can be course specific. It also needs to be professionally done and be appealing whether on a golf ball, shirt or blown up on a billboard.
- **Public Relations:** The new course presents an outstanding opportunity to generate a lot of free publicity through an aggressive public relations campaign.
- **Budget:** The marketing budget, which needs to be increased immediately, will need to be very generous for the period beginning six months *prior* to the opening through the first year.

### New Clubhouse

As the new clubhouse will be going after significant non-golf business, especially in the form of weddings and banquets, it will require a marketing campaign of its own that does not necessarily include golf. Among our recommendations are:

- **Timing:** The marketing campaign should begin one year from the anticipated grand opening with ads in bridal magazines, as weddings are often planned a year in advance. The campaign should begin in earnest six months out.
- **Sales Person:** We recommend having a commissioned sales person, preferably with experience in handling weddings. This person can also handle tournaments and golf outings as well as selling wedding and banquets for the clubhouse.
- **Weddings:** Advertise in area bridal magazines and pull-outs. Attend area bridal shows. Contact all area wedding coordinators and invite them to the clubhouse for a meal. Promote with the Parks department whenever anyone books the Enger pavilion. (We would recommend providing contact information to the sales person to handle).
- **Brochure:** A brochure for just the clubhouse should be created and distributed.
- **Chamber of Commerce:** Be active in area chambers of commerce. Host chamber events.
- **Contact** area businesses, churches, civic organizations, etc. and let them know about the facilities, especially the boardroom and ability to handle sales meetings and small and large functions.

## Fees

We do recommend a restructuring of the fees, both in the near term and especially with the repositioning. The biggest change is to implement a split fee structure where nonresidents pay a higher fee than residents.

Doing so will allow us to increase the yield while keeping the price the same for residents. (The City may elect to have a broad definition of residents to include the entire metro area. The report details how this can be done easily and effectively). Initially, the price differential will not be large, given the current course conditions. However, when the first nine is completed, the differential will increase markedly. The differential will grow even more when the renovations are complete.

Another significant change is to increase fees on weekend mornings to reflect the increased demand seen for those times. Other changes are detailed in the report.

## Golf Operations

### Staffing

We encourage a greater use of volunteers, with a corresponding implementation of a training and supervisory plan. This will allow for increased use of marshals and starters to better control access to the course and improve the pace of play while decreasing operating costs.

Staffing will likely decrease slightly during the construction phase, with the reduction to 18 holes. However, staffing will increase with the opening of the new clubhouse and jump dramatically with the rebranding as customer service needs to be taken to the “next level.”

### Leagues

Leagues are the current lifeblood of the facility. However, with the construction and reduction to 18 holes, some of the leagues may need to be either put into a different time slot or moved to Lester. We would encourage working with the leagues in 2014 to gain their cooperation and support throughout the process.

### Tournaments

We would like to see more in-house tournaments to generate revenue and increase exposure for the course. Increasing tournament play should be a major focus with the completion of the renovation.

### Cart Operations

The cart fleet should be reduced to 65-70 carts through the construction process. The excess carts should be relocated to Lester as they currently do not have enough carts and the demand there will increase with the reduction of holes at Enger.

When the new clubhouse is completed, we recommend converting to electric carts. The budget for the new clubhouse in this report includes a cart barn facility. This will allow for electric cart usage, plus better protect against vandalism and help keep the carts in better condition and appearance.

When the renovation is complete, the cart fleet will need to be expanded to 100 carts, plus three beverage carts.

### Merchandising

The new clubhouse and new logo should both help significantly with merchandise sales. The rebranding will stimulate sales even more. However, there are a lot of additional strategies we recommend to further enhance revenue that are detailed herein. Most notably is the regular use of “sales” to encourage more buying “now”, and a significant increase in women’s merchandise.

## **Course Maintenance**

The costs to maintain the course will be reduced through the construction process as the number of holes maintained is reduced by 1/3<sup>rd</sup>. However, maintenance costs will increase with the opening of the first nine as maintenance standards need to be improved on the new nine. The biggest jump will be in 2018 with the expansion to 27 holes and the need to elevate the standards to be consistent with area resort courses at Giant’s Ridge and Fortune’s Bay. This will include a much larger maintenance staff as well as increases in fertilizer and chemical expenditures.

## **Food & Beverage**

### Current

Among the changes we would like to see done immediately are: increased beverage cart service, a large size fountain drink and the addition of more healthy choices (e.g. Wraps, salads, whole grain breads and buns) to the menu.

### New Clubhouse

The new clubhouse ushers in a completely new era in the food and beverage operation. It will need to transform from an amenity for golfers into a restaurant style operation with heavy emphasis on weddings and banquets. This will require an F&B manager with extensive experience in banquets. It will also trigger a dramatic growth in personnel, especially in “on-call” staff that can be brought in for banquets and weddings.

We also recommend adding table service during peak demand periods and extending bar hours. Have a designated golfer menu with quick-service items and a way for golfers making the turn to get faster service. We also recommend setting up an outdoor grill near the current clubhouse/starter hut location.

The grill should offer regular golfer fare, including hamburgers, hot dogs, etc., and a variety of beverages including beer. The grill would be operated on weekends and evenings when leagues are present.

### 2018

When the course is rebranded, the beverage cart operation should also be ramped up. There should be three beverage carts operating during peak periods, one for each nine. The goal is to see each golf group three times per nine holes.

The menu will also need to be restructured as the clientele will be expanded.

## Financial Projections

We examined three different scenarios:

- **Status Quo:** This assumes no improvements to the course or changes to the operation.
- **Standard:** This assumes the course is simply brought back to its original condition and is not repositioned.
- **Resort:** This assumes the 18-hole course is upgraded and repositioned to attract tourists and higher-income golfers while the nine hole course remains positioned for the value market.

The projections assume a \$462,443/year debt service for the Standard model, based on a construction budget of \$4.8 million. It also assumes a \$578,054/year debt service for the Resort model, based on a \$6 million budget.

The Status Quo model shows a continued and increasing decline in performance as conditions continue to deteriorate. While next year, with favorable weather, will no doubt be an improvement on this year, the following year will show a marked decrease. Even without any added debt, we are projecting a cumulative net loss of \$(1,885,923).

The Standard model shows a positive Net Operating Income (income before debt service and depreciation), starting in 2016. However, because of the debt service, it never achieves a positive Cash Flow over the next ten years. (Cash Flow also ignores depreciation). In the 10-year period ending in 2014, the cash flow is projected to total \$(2,102,144).

The Resort model, in contrast, shows both a positive NOI and a positive cash flow beginning in 2018, with the reopening and repositioning of the facility. For the ten years ending in 2014, the retained cash flow is a positive \$182,552, with the cash flow over the last five years being \$1,329,534.

It is our conclusion that the Resort model is the one that has the best chance of restoring profitability to the Duluth Golf operation.

## CASH FLOW COMPARISON

	2018			Total 2014-19			Total 2020-24		
	Status Quo	Standard	Resort	Status Quo	Standard	Resort	Status Quo	Standard	Resort
<b>Rounds</b>	<b>36,500</b>	<b>45,500</b>	<b>46,000</b>	<b>268,700</b>	<b>276,000</b>	<b>278,000</b>			
<b>Revenues</b>									
Golf Operations	\$835,840	\$1,358,304	\$1,931,593	\$5,206,639	\$6,386,304	\$7,795,289	\$4,317,413	\$7,501,926	\$11,181,059
Membership	\$228,570	\$371,845	\$358,216	\$1,413,199	\$1,685,136	\$1,792,715	\$1,175,350	\$2,080,059	\$1,937,403
Catering/Weddings	\$0	\$465,000	\$540,000	\$0	\$1,721,000	\$1,876,000	\$0	\$2,999,088	\$3,423,738
<b>Total REVENUE</b>	<b>\$1,064,410</b>	<b>\$2,195,149</b>	<b>\$2,829,809</b>	<b>\$6,619,838</b>	<b>\$9,792,440</b>	<b>\$11,464,004</b>	<b>\$5,492,763</b>	<b>\$12,581,073</b>	<b>\$16,542,200</b>
<b>Cost of Sales</b>	<b>\$114,220</b>	<b>\$357,795</b>	<b>\$451,155</b>	<b>\$700,679</b>	<b>\$1,456,287</b>	<b>\$1,682,844</b>	<b>\$581,365</b>	<b>\$2,103,838</b>	<b>\$2,588,392</b>
<b>Gross Profit</b>	<b>\$950,190</b>	<b>\$1,837,354</b>	<b>\$2,378,654</b>	<b>\$5,919,159</b>	<b>\$8,336,153</b>	<b>\$9,781,160</b>	<b>\$4,911,398</b>	<b>\$10,477,236</b>	<b>\$13,953,808</b>
<b>Expenses</b>									
Golf Operations	\$156,274	\$255,985	\$271,652	\$786,505	\$1,172,519	\$1,204,402	\$823,456	\$1,352,577	\$1,435,991
Golf Maintenance	\$546,817	\$697,846	\$758,911	\$3,186,701	\$3,539,948	\$3,662,994	\$2,916,799	\$3,704,162	\$4,028,295
Food and Beverage	\$92,787	\$371,592	\$447,005	\$559,152	\$1,525,276	\$1,690,542	\$474,114	\$2,251,345	\$2,649,748
Other Expenses	\$359,948	\$249,278	\$289,036	\$2,057,840	\$1,374,253	\$1,479,935	\$1,911,913	\$1,371,024	\$1,619,971
<b>Total Expenses</b>	<b>\$1,155,825</b>	<b>\$1,574,701</b>	<b>\$1,766,604</b>	<b>\$6,590,197</b>	<b>\$7,611,996</b>	<b>\$8,037,873</b>	<b>\$6,126,283</b>	<b>\$8,679,107</b>	<b>\$9,734,005</b>
<b>Net Operating Income</b>	<b>(\$205,635.80)</b>	<b>\$262,653</b>	<b>\$612,050</b>	<b>(\$671,037.79)</b>	<b>\$724,157</b>	<b>\$1,743,287</b>	<b>-\$1,214,885</b>	<b>\$1,798,128</b>	<b>\$4,219,802</b>
<b>Loan Payment</b>	<b>\$0</b>	<b>(\$462,443)</b>	<b>(\$578,054)</b>	<b>\$0</b>	<b>-\$2,312,215</b>	<b>-\$2,890,269</b>	<b>\$0</b>	<b>-\$2,312,215</b>	<b>-\$2,890,269</b>
<b>RETAINED CASH FLOW</b>	<b>(\$205,636)</b>	<b>(199,790)</b>	<b>\$33,997</b>	<b>(\$671,038)</b>	<b>\$(1,588,058)</b>	<b>\$(1,146,981)</b>	<b>(\$1,214,885)</b>	<b>\$(514,086)</b>	<b>\$1,329,534</b>

## Other Considerations

### Economic Impact

When we combine the benefits from the Golf Operation and the Clubhouse, we get **\$1,024,119/year** in Direct Benefit to the City, plus another **\$2,236,767** in area economic benefit, for a total of **\$3,260,886** for just the one year (2019). *This impact can be expected to grow by at least 3% per year over the next ten years.*

	Direct	Indirect	Total
<b>Golf</b>	\$409,873	\$1,697,920	<b>\$2,107,793</b>
<b>Clubhouse</b>	\$614,246	\$538,847	<b>\$1,153,093</b>
<b>Total</b>	<b>\$1,024,119</b>	<b>\$2,236,767</b>	<b>\$3,260,886</b>

In other words, *the economic benefit will pay for the total project cost in a little more than three years once the project is complete.* Even the direct benefit to the City would pay for the cost over the 10 years following the reopening.

This does NOT include the added 18.5 FTE employees to the area. Nor does it include the impact the new facility will have on recruiting new businesses and residents to the area.

### Practice Facility

With the new clubhouse occupying a good portion of the existing range, a new range location needs to be found. Our proposed solution is to utilize the adjoining city-owned land laying immediately to the west of the existing range. The new range would have tees located essentially where the existing tees are now, only facing the opposite direction.

The new practice facility should be built in Phase 1. It should be opened as soon as possible, but no later than the opening of the new clubhouse.

#### Additional Amenities

The practice area should be significantly improved, with the goal of being the top regional practice facility by 2018. Some of the improvements should include:

- **Target greens**
- **Self-service ball machine** with electronic key dispenser, so golfers can go to the range without having to go to the proshop first.
- **Short game area:** The new practice facility should include a short game area with a chipping green and practice bunker.
- **Lighted:** Consider lighting the range for night usage. This should increase revenue by at least 25% and modern lighting systems greatly reduce "light pollution".
- **Heated Stalls:** Consider adding covered and heated stalls to increase utilization during inclement weather.

## Enterprise Fund

Even with the Resort model, we do not see the Golf fund achieving a positive balance over the next ten years, given the sizeable hole it is in now. The large deficit reduces the ability of the fund to make additional reinvestments (such as new equipment, etc.) that will be needed to keep the course in top condition.

There are two possible solutions. The first is for the City to simply “forgive” the debt of the golf fund to the general fund. We would do this both immediately and again in 2018 so that the golf operation can begin anew.

The other possibility is to take the golf operation out of the enterprise fund and make it part of the general fund, similar to other recreational activities like parks, tennis courts and pools.

The danger in the latter course of action is that the golf course budget becomes more susceptible to the political process and any general funding cut backs that the general fund requires. This can endanger future operations and make it difficult to achieve profitability as the cycle repeats itself (reducing expenses causing a greater reduction in revenue, leading to greater cuts, etc.)

Our recommendation is to keep the course in the Enterprise fund, but to forgive the debt in 2018 to allow it to start anew.

DRAFT

## Overview

Sirius Golf Advisors, LLC (“Sirius”) was hired by the City of Duluth (“City”) to prepare a business plan for the City’s golf operation consisting of two golf courses: Enger Park Golf Course (“Enger”) and Lester Park Golf Course (“Lester”). This plan includes options, costs, discussion and recommendations for capital improvements, operations and management of these facilities. We also provide cash flow projections for both the status quo and for performance based on the implementation of this business plan.

The basis for this plan comes from six primary sources:

- **2011 Study by the National Golf Foundation (NGF)** conducted for the City. It provided a comprehensive review of the operations of Duluth Golf and contained numerous recommendations for improving its performance.
- **Financial and operational data** provided by the City and Professional Golf Management (“PGM”), the operator of the two facilities.
- **Two site visits** performed by John S. Wait, principal of Sirius and lead author in the 2011 NGF study. The first site visit was in June, 2013 and the other was in August.
- **Master Plan, cost estimates** and additional input from Jeffrey D. Brauer, golf course architect, who was hired by the City to do a master plan for renovations of Enger.
- **Plans, cost estimates and additional input** from John Gerzina, architect with DSGW Architects, hired by the City to provide a proposed plan for a new clubhouse for Enger.
- A customer survey conducted by Sirius with the City’s and PGM’s help and cooperation. This online survey was conducted in early August, 2013 and replicates the survey conducted by the NGF in their 2011 study.

In addition, Sirius used data collected from the Chamber of Commerce, Economic Development and various other organizations.

## The Need

Performance for the Duluth Golf Operations has been on a general decline the last several years. While revenues have remained fairly stable, expenses have risen sharply. Last year saw a net loss of \$265,624 following 2011’s loss of \$196,072. Duluth Golf’s fund balance (it currently operates as an Enterprise Fund) was approximately \$1.25 million *in the hole* at the end of 2012. And given the very poor weather in 2013, it looks like the loss could be similar this year to last.

	12/31/2005	12/31/2006	12/31/2007	12/31/2008	12/31/2009	12/31/2010	12/31/2011	12/31/2012
	Actual Amount	Actual Amount	Actual Amount	Actual Amount	Actual Amount	Actual Amount	Actual Amount	Actual Amount
<b>REVENUE TOTALS</b>	1,735,343	1,934,615	1,895,980	1,882,898	1,945,533	1,967,418	1,843,512	1,926,935
<b>EXPENSE TOTAL/S</b>	1,908,114	1,890,631	1,887,792	1,886,875	1,895,161	2,006,633	2,039,584	2,192,559
<b>Net Gain/Loss</b>	(172,771)	43,984	8,189	(3,976)	50,372	(39,215)	(196,072)	(265,624)

A significant portion of the maintenance expenses over the last several years can be attributed to the declining physical state of the facilities as capital repairs have been required. The flood last year also contributed heavily to the higher expenses and declining playing conditions, especially at Enger where the water supply was drastically reduced.

While the Duluth Golf system, until recently, hovered around the break-even point, it is apparent that it has not been receiving much attention from the City, especially in terms of capital improvements, in the last 20 years. Because of this, we find a golf system that is poised for disaster.

We believe that the Golf system is *already* in the first stages of the “*death spiral*.” The death spiral occurs when municipalities react to declining revenues by simply reducing expenses. We call this “budgeting to revenue.” However, these expenses are often directly tied to revenues, especially with regards to marketing and maintenance. Thus, reducing these expenses usually leads to a reduction in revenue that is *greater than the savings realized in the expense cuts*. As a result, the situation becomes even worse. Further cuts are made, and revenues are reduced even more. Making matters worse, the revenues can be dramatically affected by extraneous events – such as last year’s flood. In the meantime, the course conditions worsen to the point where major capital improvements are required *just to return the facility to its previous condition*. And because the course(s) are losing money and the improvements are expensive, the City may choose not to make the investment. As a result, the course may end up being closed or even sold.

## Infrastructure Needs

Both Enger and Lester are over 70 years old. Both courses were renovated in 1992, including new irrigation and rebuilt greens. Golf Courses components wear out. This is often lost on those who think golf courses appear “natural” and don’t realize they are “built environments” which need constant maintenance and upgrades to remain up to modern standards.

There are some typical signs of infrastructure decline, including your crew spending more time fixing infrastructure than maintaining your course. Of course one main sign can be found by looking at declining revenues.

Structures typically need approximately 6% of building value to be spent annually for capital improvements, and experienced golf course managers recommend much the same – between 6-10% of annual revenues be devoted to capital improvements. **Lower investment will eventually require some larger investments/projects to catch up, which often leads to major renovations.**

There is an expected life cycle for all golf course components, estimated below:

- USGA Greens – 15-30 Years
- Other Sand Based Greens – 15 Years
- Bunker Sand – 5-7 Years
- Irrigation System (Good Quality) 20-25 years
- Irrigation System (Lower Quality) 15-20 Years
- PVC Irrigation Pipe Under Pressure – 15-30 Years
- Cart Paths (Asphalt) 5-10 Years
- Cart Paths (Concrete) 15-30 Years (or longer)
- Practice Range Tees – 5-10 Years
- Tees – 15-20 Years
- Major Drain Pipes (PVC) – 15 Years

- Major Drain Pipes (Corrugated Metal) 15 Years, Bunker Drain Pipes - 5-10 Years
- Mulch – 1-3 Years
- Greens and Tees Turf – 10-20 years

Simply put, based on these guidelines, the infrastructures at both Enger and Lester have outlived their expected life cycle.

The urgent need for capital improvements to fix the infrastructures was noted in the 2011 NGF report. They concluded that failure to make these improvements will likely result in a continued degradation in performance and an increase in the golf fund deficit.

Further evidence for the need for capital improvements to the infrastructure comes from the survey we conducted. Golfers rated the course conditions at both courses very low. Indeed, when compared to survey results in the NGF database from similarly priced golf courses around the country, the ratings for both courses were in the bottom 10<sup>th</sup> percentile. In fact, Enger was in the bottom 1% of all courses. Further, these ratings have dropped significantly at both courses since the same survey was given just two years earlier.

NGF noted that among the most urgent capital needs are:

1. New irrigation systems at both courses
2. Fix drainage issues at both courses
3. Rebuild greens at both courses
4. Cart paths at both courses
5. New clubhouse at Enger
6. Clubhouse renovations at Lester Park
7. Increase water storage at Enger Park

Jeff Brauer, who was hired by the City to do a master plan for Enger, put the cost of a complete renovation at \$10,425,000 for Enger alone *not including the clubhouse*. Clubhouse estimates from DSGW Architects place the clubhouse costs (as proposed) to being around \$4,000,000. Lester Park's renovations could be similar. (We will discuss various options in detail later).

## Survey

A complete review and analysis of the survey can be found in Appendix A.

As noted above, golfers gave very low ratings to both courses for course maintenance. Further, overall satisfaction ratings for both course was in the bottom 20%, with Enger in the bottom 1%. Enger's needs appear more critical as its ratings fell sharply from 2011. In the previous survey, Enger rated slightly higher than Lester (18<sup>th</sup> percentile to 16<sup>th</sup>). However, Lester's ratings held up, while Enger's fell to the bottom 1%.

It would be easy to attribute the decline in ratings at Enger to the flood last summer, which not only damaged the course, but wiped out one of the main water storage areas. Unfortunately, environmental concerns are preventing this lake from being rebuilt. As a result, the irrigation has significantly less capacity, which is contributing to the poorer course conditions.

Yet, the truth is that the ratings in 2011 were not good either. At that time, Enger was in the bottom 20% for both overall and course conditions.

Some other notable findings include:

- Pace of play is a concern at both courses, but especially at Enger, where the ratings have dropped significantly since 2011.
- While building a new clubhouse was the main recommendation concerning the clubhouse at both courses, bathrooms and adding banquet space were the two biggest issues.
- Lester Park currently seems to get more play from tourists and out-of-town visitors
- Snack bar satisfaction was basically neutral, which is not good. Selection seems to be the biggest concern.
- Surprisingly, not having alcohol was not a prominent complaint for the Lester respondents.
- Also surprisingly, *price* was NOT a major complaint. On most course surveys, price is usually one of the biggest concerns and prominent suggestion. This was not the case with either Enger or Lester.
- The vast majority (72% at Enger and 74% at Lester) said they **would be willing to pay more to support course improvements**. And 45% at Enger and 47% at Lester said they would be willing to pay at least \$5 more to support these improvements.
- Staff at Lester get much better feedback than at Enger. Same is true for management.
- While overall course maintenance is the major concern at both courses; bunkers and greens were the most mentioned at Enger. At Lester, greens were by far the most, with bunkers, fairways, teeboxes and rough also being of concern.
- The maintenance crew got positive comments from Lester, but complaints at Enger.

## Operations Concerns

One concern that I have is that the NGF report contained many recommendations for improving performance and golfer satisfaction for both facilities. Yet, two years later, very few of these recommendations have been implemented. So the continued low ratings are understandable. However, it also indicates that there may be systematic disdain for the golf operations. While it may be easy to blame PGM for the problems, the City also needs to accept responsibility for both requesting the changes be made and providing oversight to insure that they are administered properly.

## Status Quo

When facing such significant capital investments as Duluth now faces with its golf courses, there is a tendency to delay the project as long as possible. However, such a strategy comes at a high price.

The golf fund is currently losing money. Last year, the loss was nearly \$250,000. The loss could be similar or worse this year. And while poor weather has certainly been a factor in this performance, it is clear from our surveys that there is also *significant customer dissatisfaction*. This dissatisfaction will likely lead to player defections, which tend to multiply exponentially. This is especially true if any of the leagues, which are the bread and butter for both courses, should decide to relocate due to such poor course conditions.

Our “status quo” projections estimate a \$60,000 loss this year for Enger alone, with a slight recovery next year, assuming normal weather patterns. However, the loss begins to increase in 2015 with a loss of \$161,000. The losses increase each year, reaching \$300,000 by 2019. For the period 2014-2019, we estimate the *loss for Enger alone to be \$1.15 million*. And these projections *assume the City does NOT further reduce the expenses*. Unfortunately, as indicated earlier, cities tend to budget to revenue, meaning they are likely to cut expenses further. This will likely mean a much *greater* loss in future years than what is shown as revenues will most certainly decline more than the expenses are reduced.

Once you lose a customer, it becomes that much harder to win them back as they develop social relationships with their new club. As a result, losses tend to gather momentum.

In addition to the mounting operating losses, we also face increasing costs to fix the problems. As the golf course industry recovers from the recession, we are seeing construction costs increasing at an alarming rate – significantly ahead of inflation. In some areas, costs have gone up by 10-15% *per year*.

## The Opportunity

There is reason for some optimism, however. Despite the poor conditions we found at the golf courses and with the clubhouses, the facilities continue to perform at a high level in terms of rounds.

Currently, the biggest competitor for Enger Park is Lester Park and vice versa. In other words, the two facilities are attacking the same target markets, with the main difference between the two being geography.

However, as pointed out in the NGF study in 2011, *there is a huge potential revenue source from the hundreds of thousands of golfers who travel through the City each year*. Golf travelers are an attractive market for several reasons, including the fact that they are far less price sensitive than resident golfers. Further, they will spend more per round in both food and beverage and with merchandise sales than resident golfers. *Perhaps most importantly, if the City can attract more traveling golfers, it will have a positive impact on the area's economy beyond the City golf courses*.

Unfortunately, *in their current state*, neither Lester Park nor Enger Park is a golf course that would attract significant play from traveling golfers. To be more attractive, either course would need a significant upgrade to both the course and the clubhouse.

We also see another opportunity with regards to the proposed clubhouse for Enger. It is possible to relocate the clubhouse so that the new building would be much more attractive for non-golf business, especially weddings and banquets.

We looked at two alternative locations. The first was directly across from the entrance to Enger Park itself. Not only would this location feature an attractive view of the Lake, its location would make it very attractive to visitors to Enger Park. This would be especially important for large groups, such as weddings and reunions, etc. By coupling the banquet facilities at the clubhouse with the natural beauty of the tower, we would anticipate that Enger Park would become one of the most sought after wedding locations in the City – even drawing weddings from outside the immediate area.

However, there were two significant issues for this location beside the distance from the clubhouse to the first tee. First, the view, although very nice, was limited to about a 20 degree arc of St. Louis Bay. Second, the location would likely present significant construction issues, including rock, heavy woods and limited space for parking.

A second location was found that solved both of these concerns. This location is at the far southeast corner of the current driving range. This location provides a much better view of the harbor, river and lake, with a vista of 220 degrees or so, including a view of the Tower. Further, the location should be easy to build on, with virtually unlimited parking potential. It also ties in better with the existing golf facility. The main problem with the location being it would require relocating the range, which is an integral part of the facility.

This problem was solved when we discovered that the Parks department owned the land adjoining the current range. Thus it would be possible to simply “flip” the range using approximately the same tee location, but hitting away from the lake instead of towards it.

## Solutions

The problems, as noted above, are both complicated and expensive to solve. Potential solutions, then, that would address all of these problems are likely to be equally complex. Fortunately, we do believe that there is a plausible solution. Moreover, we believe that this solution will not only result *in a permanent “fix” for the golf division, but will also provide a significant economic boost to the City.*

The solution involves breaking down the issues into their component parts, then resolving each area as part of an integrated whole. For us, there are four key areas:

- Lester Park Golf Facility (including course, clubhouse, range, etc.)
- Enger Park Golf Course
- Enger Park Clubhouse
- Golf Course Management

We then build a solution that solves these issues while building on a comprehensive vision for the golf division.

## The Vision

To us one of the fundamental issues is that both Lester and Enger are essentially targeting the same golf markets, i.e. value-oriented golfers and league players. However, with 54 holes available, the City certainly has the opportunity to diversify the product and thus attract a much broader spectrum of golfers. By so doing, you would be able to concentrate the existing market on fewer holes, making them more viable.

Further, we see an enormous opportunity to not only attract a wider segment of the *local* golf market, but also create a facility that would be attractive to the *tourist* market. As noted above, the Iron Range has already established itself as a golf destination, with high quality golf resorts located at Giants Ridge, Fortunes Bay and Superior National. But the golfers who are interested in playing these facilities *are not playing in Duluth*. This is because there is no local public-access facility of the quality sufficient to attract traveling golfers.

The costs involved to elevate the quality of the facility to become one that would attract resort play, is only about 10-15% more than what is required to fix the infrastructure alone. Since both facilities need a complete overhaul of the infrastructure, for a relatively small additional investment, we can turn one of them into a resort-caliber facility. As such, it would not only attract the higher-end local market that currently does not play at the City courses, and provide an important amenity to the current tourists that travel through the area, perhaps extending their stay by a day or more; it would also attract *new golfers* to the area as it becomes part of the “golfing vacation” that includes the Iron Range resort properties.

To us, either facility would make a great resort course. Lester has a more scenic layout, but Enger has a better location relative to the hotels and other tourist “hotspots”. Moreover, Enger’s problems are in greater need of immediate attention. So our recommendation would be to first invest in upgrading Enger Park.

## **Lester Park**

Fortunately, Lester Park is in much better condition currently than Enger. While the need for renovation is definite, we feel that Lester could easily go another three or more years before its performance would start declining significantly. However, it is not likely to go 10 or more years, which would be the length of time it would likely take for Enger's cash flow to be sufficient to help pay for Lester's renovations as well.

Our solution, then, is to find an alternative way of paying for Lester's renovations. We feel that with 27 holes, its scenic location, and strong current play, Lester would be an attractive facility for outside management companies. A growing number of municipalities have found success in attracting third parties who are willing to invest millions to fix the course infrastructure in exchange for a long-term lease. We would recommend that the City seek to do the same for Lester.

However, it is unlikely that the City would be able to find a company that would be willing to invest \$20 million or more to take on *both* facilities. Plus, if you leased out both facilities, the City would lose almost all control over these two valuable assets. We feel there is a better way.

We would recommend putting out an RFP for a long-term lease of Lester Park, with the requirement that the management company perform the needed capital improvements listed above for Lester Park. These should be done in the first five years of the lease, with a performance bond held in escrow to ensure that they are properly completed.

## **Enger Park Golf Course**

As a resort-quality course, our analysis shows that Enger should generate at least \$600,000 or so in profits. This would support revenue bonds on the order of \$5.5 to \$6 million dollars, which should be enough to upgrade 18 holes and the range. It is not, however, enough to completely renovate the third nine, nor pay for a new clubhouse.

However, an 18-hole resort golf course with a quality clubhouse would be sufficient enough to generate the tourism business we project. Further, about half of the existing play at Enger is 9-hole play, largely due to the leagues. Thus, we would keep Enger as a 27-hole facility, with an 18-hole "resort" course and a value-oriented 9-hole "league" course. As such, Enger will be positioned to support both its current market as well as the higher-end and resort markets.

## **Clubhouse**

By repositioning the clubhouse to the end of the range, we can greatly diversify the market for the clubhouse from simply servicing the golfers, to a facility that can better serve *all the citizens* of Duluth as well as become an *economic driver for the City*.

We would propose including banquet facilities at the new clubhouse that would accommodate at least 300 people. Not only would this make the facility much more attractive to golf tournaments, but, when coupled with the terrific view from the clubhouse and the proximity to Enger Tower, it now will become a prime location for weddings and banquets. Further, we envision the restaurant, with its views, to do a lot of non-golf business. In addition, we propose adding a smaller "board" room to the clubhouse so that it will also be very attractive for smaller business meetings.

This new clubhouse will likely cost around \$4.9 million to build, when including the parking and other infrastructure needs. As mentioned above, we do not feel the revenue from the new golf course alone will be sufficient to pay for the clubhouse.

We understand that there is potentially a significant amount of money that could be utilized for the renovations coming from the “tourism tax.” We feel this is an appropriate use of the funds under our plan to “upgrade” Enger Park. By relocating the clubhouse, we feel the case for tourism tax dollars becomes even more compelling. Enger Park is one of the major tourist attractions in the area. However, it is notably lacking in amenities – especially with regards to food and beverage. Thus, the new clubhouse would not only make the golf course more appealing, but it will also make Enger Park more attractive. This will especially be the case for groups such as weddings and reunions, etc. Even with no food and beverage, Enger Park is currently averaging close to one wedding per week. With an attractive banquet option at the entrance to the park, we suspect the demand for weddings there could easily double.

## Management

The biggest issue, to us, with the current management structure is that there is no incentive for the operator to perform. Oversight is limited and consequences of poor performance are not clear, nor is there any reward for better performance.

As noted before, customer satisfaction, which was very low when NGF did their survey in 2011, has declined even more. Further, as noted, many of the recommendations to fix a lot of the problems detailed in the NGF report have still not been implemented two years later. (There have been some substantial changes – notably a new POS system, elimination of the cart pass, and the raising of the senior age limit are some of the more noticeable changes).

We would like to see the management contract reworked so as to provide a greater incentive to the operator. We would also like to see a better system of oversight. It may also be prudent to open the bidding to other operators as well, although PGM should certainly be given due consideration as well. We would encourage that the new management contract be awarded at the same time the course construction starts so that the (potentially new) operator can be involved in the renovation process and oversee the grow-in periods.

## Timing and Phasing

We would recommend that an RFP for the leasing of Lester take place as soon as possible. It is critical to know whether or not the leasing of Lester is a viable option. If a suitable lessor cannot be found, it will have a significant impact on the overall plan.

The needs at Enger have already gone past the critical stage, so it is imperative that the process begin as soon as possible. The most critical need is for a new irrigation lake to replace the one lost in the flood. However, given immanent start of the entire renovation process, we strongly encourage the City to at least approve the master plan for the renovation *prior* to the construction of this lake so that it can be consistent with the master plan.

With 27 holes, we can work on 9-holes at a time while keeping the facility open with 18-holes in play. While closing nine holes will certainly impact play, because so much of the existing play is 9-hole play, the impact is not likely to be as great as it otherwise might be. We estimate a drop of 15-20% over current levels. Course maintenance expenses will also be decreased by approximately 20-25% during this time (although it will go up some during the grow-in periods). Operating expenses, though, will only decline slightly if at all.

The first nine to be renovated will likely be the back nine as it is in the worst shape. The front nine, because it is in the best current condition, would be the logical nine to preserve as the “league nine” after the renovations are complete.

The golf course would be rebuilt in two phases, the back nine being in the first phase, which will presumably begin in fall of 2014. We would anticipate opening by spring 2016. The second phase would begin mid-to-late summer of 2016, with anticipated opening by spring 2018. There would be some cost savings involved and the project could be expedited if construction on the 2<sup>nd</sup> nine would begin as soon as it was finished on the back nine – during the “grow-in” period. This would be ideal from the construction standpoint as crews and equipment would already be in place, saving the restaging cost. However, it would also mean that the facility would only have nine holes available for play during the grow-in period, which would likely be mid-summer through fall of 2015. But it may also mean completing the project possibly by early to mid-summer of 2017. However, losing nine-holes of play may risk losing some of the leagues where there are currently two leagues scheduled simultaneously. Whether they can be reschedule, or preferably temporarily relocated to Lester, would likely determine which strategy is best.

The next issue is when do you build the clubhouse? The easy answer would be to start construction as soon as possible as the existing clubhouse is in such bad shape and the revenue from the new clubhouse could be substantial. However, if the new clubhouse is built on the range, this would seem to mean closing the range. Doing so should not be taken lightly. Not only does the range generate about \$50,000/year in its own right, its presence is important to attracting both league play and tournaments, as well as the more avid golfer. Closing the range may risk losing some of this very lucrative business.

There are two possible solutions to this dilemma. The first would be to include the new range as part of Phase 1 (which is where it should be anyway) and simply delay the start of the clubhouse construction until the new range is ready – probably by mid-summer of 2015. This has the added advantage that the clubhouse opening can be tied to the completion of the renovation of all 18 holes, making an even bigger splash.

The second solution would be to add range netting around the construction site, protecting the construction site while allowing full use of the range. The cost for this netting will probably be on the order of \$30,000. The advantage to this would be that the range would continue to generate revenue during construction and the clubhouse will be open nine months (or more) sooner.

Because of the sorry state of the existing clubhouse, we favor the second solution more, even though it adds to the cost. We feel the added revenue from the range plus the revenue from the new clubhouse during the time it would still be under construction in the first option, will more than make up for the cost of the netting – probably by a factor of 10.

## Proposed Timeline

- **December 2013:** City endorse business plan and overall strategy
- **April 1, 2014:** Have financing plan in place
  - Purchase range ball machine
- **April 30, 2014:** Issue RFP for Lester Park Lease effective 9/1/2014
- **May 2014:** Conduct wetlands studies. Issue course construction RFP
- **June 2014:**
  - By end of month, select construction vendor
  - Issue management company RFP
- **July 2014:**
  - Make sure all permitting has taken place

- Decide on management company, effective 9/1
- September 1, 2014:
  - Close back nine and begin Phase 1 of construction plan.
  - Install range netting
  - Begin clubhouse construction after netting is installed
- May 2016
  - Open new Back nine; begin Phase II
  - Open new clubhouse
- September 2017
  - Soft opening for new facility
- May 1, 2018
  - Grand Opening for new facility

## Capital Improvements at Enger

In general, there are two types of capital improvement: those needed to *sustain* performance and those that can *improve* performance. The NGF report in 2011 noted most of those that are needed to *sustain* performance. As noted previously, performance has gone down in the two years since that report was released.

However, we feel that Enger has the opportunity of doing more than simply returning to previous performance levels. We feel that by spending a bit more than what is needed to simply sustain performance, we can significantly *enhance* performance.

## Golf Course

### Improvements to Sustain Performance

Just about every aspect of the golf course facility at Enger Park is past its normal life expectancy. Some areas, such as drainage, irrigation and the clubhouse, are beyond the critical state and are detrimentally affecting performance. Other areas, such as fairways, bunkers, tees, are also in ragged shape and below normal quality expectations. In short, the entire facility needs to be improved just to get back to previous performance levels.

### Improvements to Improve Performance

#### Resort Standards

We have discussed how “upgrading” the course to resort standards will dramatically improve performance and have a measurable economic benefit to the City beyond the revenue generated by the course. Because the entire facility needs to be rebuilt just to sustain performance, the incremental cost to upgrade the facility to resort standards is about 10-12% more, or between \$500,000 to \$750,000. Our projections show this difference is likely to be made up *in just two years*.

What is the difference between standard quality and resort quality? The difference comes in many areas, including better quality grass on the greens, fairways and tees, more and better features on the course, including bunkers, higher quality sand in the bunkers, cart paths tee to green, better landscaping and signage, etc. A resort course should *appear* to have a higher degree of difficulty, although ideally still very playable. Resort courses also place a higher premium on course aesthetics, including views and landscaping.

Resort quality also can be reflected in the quality of the clubhouse, although that is not nearly as important as the golf course.

#### Forward Tees

Another capital improvement that is highly recommended regardless of whether the course is upgraded, is building a new set of forward tees. Although the primary beneficiary of this move will be women and seniors, it will also have a desirable impact on *all* players as it will significantly help improve the pace of play.

Currently, the shortest configuration from the forward tees is the Front/Middle combination, which measures 5,159 yards. In contrast, the Front/Back combo measures 5,462 yards from the forward tees.

To understand why these distances are too long we must first talk about where most *non-senior men* prefer to play. Over half the men at most golf courses will play from the tees set at around 6,000 to 6,300 yards. This yardage typically allows most male golfers to score well, while using most of the clubs in their bag.

However, women tend to hit the ball about 70% as far as men. Thus the equivalent of 6,000-6,300 yards would be 4,200 to 4,410 yards. At 5,159 yards, the Front/Middle for women is the equivalent of a 7,370 yard course for men. At 5,462 yards, the Front/Back combo is the equivalent of 7,802 yard course.

Making women play from so far back has several bad consequences.

- They score higher than normal. Because of this *they are less likely to want to play the course*
- They take longer to play. As a result the pace of play for everyone becomes slower.
- Men do not like to play behind them, due to the slow pace. This can lead to women feeling “unwanted” at the course.

Women are one of, if not the fastest growing segment in golf participation. We would certainly encourage the City to do what it can to encourage more play from women. Making the course friendlier to them is a huge start.

By making the course friendlier to women and improving the pace of play, we typically see performance improve by at least 5-10%.

In addition to the new forward tees, which should be of at least the same quality as the other tees, we recommend creating “junior” tees in accordance with USGA recommendations. These tees, sometimes called “family tees” are usually simply markers set near the fairway at suitable distances for younger golfers. These family tees have the same goal for children as the new forward tees accomplish for women. It makes the game faster and more fun.

## Clubhouse

Appendix C shows the architect’s rendering of a proposed clubhouse to be located at the southeast corner of the driving range. The clubhouse would feature large glass windows in the grill and banquet areas facing St. Louis Bay. The clubhouse would likely be oriented at an angle, so that the view would also include the bridge and even part of the lake.

The grill will feature a bar and table seating for around 50 people. A door would connect the bar tender area with the proshop counter, allowing for a single employee to handle both areas during real slow periods.

The banquet room would adjoin the grill area with a removable partition. Another partition divides the banquet area into two equal areas. As a result, when all partitions are back, we will be able to accommodate parties of 300+ people seated. Two small functions can also be accommodated simultaneously. Also, because the banquet room can be divided, smaller groups will not feel uncomfortable in a too-large space.

To make the clubhouse more attractive for weddings, a bridal dressing room is included.

A smaller “board” room is another feature to the clubhouse. It allows for small group meetings and will make the clubhouse attractive for sales meetings and other small business functions. There is also

another one stall bathroom near the grill and proshop. This can service golfers when the banquet area is booked.

We envision a large deck area wrapping around the clubhouse from the proshop around the banquet area. This will allow for outdoor dining during pleasant weather, as well as a large entertainment area.

Also included in the clubhouse plans is a separate building for cart storage. We feel this is important for several reasons, including:

- **Electric carts:** Electric carts are generally preferred by golfers, mostly because they are quiet, but they are also easier to start, etc.
- **Aesthetics:** Storing the carts in a building is a lot more pleasing to the eye than having them chained up outside the clubhouse.
- **Cleanliness:** Carts stored outside are naturally going to get dirtier and are harder to keep clean. Golfers certainly appreciate clean carts. Moreover, they *expect* them with higher-fee courses.
- **Cart Operations:** Carts are usually easier to manage when there is a storage building with designated parking areas. It can make it easier to rotate the carts so that usage is spread out equally among the fleet.

## Range

With the new clubhouse occupying a good chunk of the existing driving range, a new range will need to be built. Fortunately, the City owns the land on the other side of the existing range. With this land, a new range can be built going in the opposite direction as the existing range. The new tees may be in the same location as the existing ones, or moved to be closer to the new clubhouse.

The new range will be longer and wider, making it more suitable to today's golfers and equipment. A short game area can be added between the range tee and clubhouse. If budget allows, it would be ideal to add two Par 3 practice holes going from the clubhouse to the range and back.

## Target Greens

There should be target greens added to the range, rather than simply having targets or isolated flags. This not only is more aesthetically appealing, but makes the range more "realistic".

## Heated Stalls

We would like to see the addition of 10 covered and heated stalls to the range. These stalls can usually be built for \$1,500 to \$2,000 per stall. They can easily pay for themselves in one or two years. Ideally, one of the stalls would be fully enclosed with a "garage door" opening. This would allow for sophisticated video training equipment to be installed.

## Adding Lighting

We would also recommend adding lighting to the range. This not only can significantly increase usage and generate more range revenue, but it can also add more revenue to the clubhouse and generate more rounds. The cost for the lighting would likely be around \$100,000.

Modern lighting is far beyond the old days when range lights would be visible from all over the City. Today, effective lighting can be achieved with minimal "light pollution."

The economic return on adding lights varies dramatically between facilities. For many operators, the night-time business is by far the highest revenue periods. As there are no other lighted ranges in the Duluth market, Enger would have the market all to itself!

There are several factors we believe that have a dramatic impact on the success of night-time ranges. These include:

- **Type of Facility.** In general, stand-alone ranges are more successful with lights than ranges at golf courses. However, this is confounded with the fact that few golf courses really market their range-only business. Further, few facilities are set-up for self-service or make the range very convenient for the range-only customer. This would not be the case at Enger, which would have a very convenient self-service range under our proposal.
- **Location.** As with most businesses, location is a huge driver of success. Stand-alone ranges that are located along busy highways, where the lights can be seen and become advertising simply by being on, tend to be far more successful, especially at night. In this case visibility becomes more important than even the demographics of the surrounding area. Given Enger's location close to downtown and the main tourist areas, its location should be an asset.
- **Marketing.** It is generally not enough to simply have lights and expect the world to beat a path to your door. At golf courses, the range is typically predominantly used by the golf course players. These players, though, are not as likely to be using the range at night. This is because they do their practicing mostly before playing a round. So to make the range successful as a stand-alone business, particularly at night, it requires marketing to new customers. The better your marketing campaign, the greater the likelihood for success (we often see a direct line correlation between the marketing dollars invested and the revenue returned).
- **Atmosphere.** Night-time users typically fall into two categories: 1) avid golfers who seek to improve their game and find the evening hours more convenient (after work) and comfortable (during the hot summer); and 2) recreational users who are more interested in the recreational aspect of playing or using the range than actually trying to improve their game. Many of these users may not regularly play golf at all. By far, the best example of a facility that targets the recreational player is Top Golf. We will have a lot more to say about Top Golf in our discussion section. However, for this discussion it is important to note that while the avid golfer may seem to be the best target, it is the recreational user that represents the far larger market potential and also represents the best potential for increasing usage of the regulation course.
- **Hours.** The operating hours vary significantly by facility and usually correlate to what type of market the operation is seeking and how aggressively they market. In Duluth, it will be highly weather dependent. It will also depend on whether or not the City adds heated stalls. With heated stalls, we see the range season can be extended several weeks in each direction from the golf course. The lights should be on till at least 10 pm in season during the week and midnight on Fridays and Saturdays.

### Direct Impact

#### **Revenue**

Assuming appropriate marketing, we feel the range should generate at least 25% more revenue with the lights, regardless of the scenario. This would equate to about \$30,000.

#### **Costs**

Maintenance costs would increase slightly under this version, due to the higher volume (estimated \$3,000/year). Electric costs for the lights would average \$10/hour or \$10,000 for the year. Operating costs

would also increase as the operating hours are being extended by three hours a day. This not only increases payroll, but other utility costs as well. We project operating costs at \$20/hour or \$20,000/year.

In addition, there needs to be a greater marketing effort as you are promoting something completely different. This means an additional \$6,000 over what was recommended in the marketing section.

To break even, then, the range would have to generate \$30/hour in revenue, which is roughly the equivalent of six small buckets/hour – one every 10 minutes.

### Indirect Benefit

Indirect impact will be felt in two main ways. First, we can expect an increase in food and beverage and in merchandise sales with the extended operating hours. The amount of these increases will depend largely on how the extended hours are handled.

Some operators elect a dramatically scaled down operation. Basically having one person to sell the tokens and monitor the range. Such a set up could be accomplished with a person manning a booth near the range, allowing the main clubhouse to be closed (This would require adding some form of restroom, either permanent or a “porta-potty” to the range).

Other operators realize the potential for the night-time play – especially with food and beverage. They will keep the clubhouse open and encourage use with drink and appetizer specials. They also keep the pro shop open to increase merchandise sales.

Because of the relatively low volume we expect, at least initially, with the extended hours, it would seem prudent to have only a single employee. Yet, to maximize revenue and to stimulate further usage, it is also desirable to have at least limited food and beverage service available. This can best be accomplished by having the range sales handled by the snack bar after hours. This will reduce the impact on merchandise sales, but this is the less likely revenue at night.

We project that the F&B revenue for night-time users will be double the amount that was earned on daytime users. Merchandise sales are expected to be the same.

The second indirect impact is an increase in daytime use of the facility – especially the golf course – from the night play. As indicated previously, the target market for the night usage of the range is golfers and individuals who are NOT currently using the golf course. As a result, the range will be reaching a lot of potential daytime customers who otherwise would not be using the facility. Hopefully, many of the night users can be converted to day users as well.

Conservatively, we estimate an additional 500 rounds of golf on the 18-hole course from the night-time users.

### Analysis

Lighting the range would appear to be a very good move. However, it does require significant marketing and good hours to make it worthwhile. We feel that lighting the range would likely pay for itself within two to three years.

## Costs

### Golf Course

Jeff Brauer’s latest cost estimate for the renovation at Enger can be found in Appendix D. His total estimate for 27 holes, excluding the clubhouse, is \$10,425,000.

In my discussions with him, however, he believes that we can get the 18-hole cost down to around \$6,000,000 without sacrificing the resort quality standards. Part of this is due to reducing down from 27 holes to 18. Further, his estimate includes grow-in. But grow-in is normally handled by the golf course maintenance staff and is accounted for in our maintenance budget, so that part can be eliminated. Also, because the time frame is now reduced because we are eliminating the third nine, the inflation factor can also be reduced.

It is also possible that part of the cost (new irrigation lake and pumping station) may be funded through FEMA or another source as it is a direct result of the flooding. Other soft cost and minor adjustments can possibly be made to further reduce the budget to \$5.5 million. However, this assumes that construction takes place in the near future as inflation in the golf course construction industry, is very high.

## Clubhouse

The proposed budget as submitted by John Gerzina of DSGW Architects is \$4.8 million, including a 12,727 sf clubhouse, cart barn and parking.

# Operations

This section covers proposed changes to the operations, including fees, marketing, policies, staffing, etc. We will discuss both the changes that should occur immediately and those that should coincide with the renovations.

## Fee Structure

The proposed fee structure for the next five years is given below. We are assuming a completion date for the first nine to be early 2016 and for the 18-holes, early 2018.

### New Green Fee Items

Our proposed rate structure includes several new rate items. These are:

- **Weekend rates:** Weekends are the busiest time for non-league play. For the most part, green fees tend to reflect supply and demand. With a higher demand for weekend teetimes, the vast majority of facilities around the country and locally, charge a higher rate on weekends (Saturday and Sunday). Many will also include Fridays (or at least Friday afternoons). However, at this time we are recommending limiting the weekend rate to Saturdays and Sundays.
- **Non-Resident Rates:** It is also very common among municipal course to charge a higher fee for non-residents. This is especially true in resort-area facilities, although they will often define residents as residents of the local area, not just citizens of the municipality.
- **Seniors:** Currently seniors only get a discount Monday-Friday. We are extending the discount to weekends, but only after 10:30 – after the peak demand times. We are also recommending that the age limit continue to be pushed back one year each year, until the daily fee age limit equals the annual pass age limit of 62. Keep in mind, the City course's main competitor, Nemadji, does not offer a senior discount.
- **Juniors:** As with seniors, juniors are only given a discount Monday-Friday currently. We want to extend this to the non-peak weekend times.
- **Family Discount:** We would recommend a family rate- where a junior plays free *with a full-fee paying adult* on Sunday afternoons after 2 pm.
- **Weekend Afternoon Rate:** Currently, demand for teetimes on weekends drops off sharply after noon. To encourage more afternoon play, we recommend adding a discounted rate that would begin at noon. However, morning play should be carefully monitored. If morning demand increases, the onset of the afternoon price break should be pushed back.
- **Twilight:** Currently, twilight rates begin two hours before sunset. For the vast majority of facilities "Twilight" rates are for 10-18 holes of play when darkness may interrupt play. Thus the "twilight rate" should be higher than the nine-hole rate and the onset should be moved up to where one can expect to complete at least nine holes and have a chance for 18 holes. We are therefore recommending increasing the twilight rate and moving it up to no less than three hours before sunset. However, we would again encourage monitoring demand. If demand for late afternoon teetimes wanes, then we would move the onset earlier.

## Proposed Green Fees

The table below gives the proposed green fees for the next six years. Note that we are proposing a small price jump when the new nine opens, then a much larger price increase with the opening of 18-holes in 2018.

Enger Park Proposed Fees								
	2013 Rates		Proposed 2014-15		2016-2017		After Renovation	
Weekday	18 Holes	9 Holes	18 Holes	9 Holes	18 Holes	9 Holes	18 Holes	9 Holes
Resident	\$30.00	\$17.00	\$30.00	\$17.00	\$32.00	\$18.00	\$35.00	\$19.00
Senior	\$25.00	\$15.00	\$25.00	\$15.00	\$26.00	\$16.00	\$27.50	\$17.00
Age limit	57		58 2014	59 - 2015	60 - 2016	61- 2017	62	
Junior (18 and under)	\$17.00	\$12.00	\$17.00	\$12.00	\$17.00	\$12.00	\$20.00	\$14.00
Patron	\$15.00	\$8.50	\$15.00	\$8.50	\$16.00	\$9.00	\$17.50	\$9.50
Senior Patron	\$12.50	\$7.50	\$12.50	\$7.50	\$13.00	\$8.00	\$13.75	\$8.50
Junior Patron	\$8.50	\$6.00	\$8.50	\$6.00	\$8.50	\$6.00	\$10.00	\$7.00
Twilight*	\$15.00	\$15.00	\$19.00		\$19.00		\$22.00	
Non resident			\$32.00	\$18.00	\$36.00	\$20.00	\$63.00	\$35.00
Non Resident twilight			\$7.00		\$12.00		\$25.00	
Weekend								
Resident	\$30.00	\$17.00	\$32.00	\$18.00	\$35.00	\$19.50	\$40.00	\$23.00
Senior**			\$30.00	\$17.00	\$32.00	\$18.00	\$35.00	\$19.00
Junior***			\$17.00	\$12.00	\$20.00	\$14.00	\$25.00	\$17.00
Patron	\$15.00	\$8.50	\$16.00	\$9.00	\$17.50	\$9.75	\$20.00	\$11.50
Senior Patron	\$0.00	\$0.00	\$15.00	\$8.50	\$16.00	\$9.00	\$17.50	\$9.50
Junior Patron	\$0.00	\$0.00	\$8.50	\$6.00	\$10.00	\$7.00	\$12.50	\$8.50
Afternoon****			\$24.00	\$13.00	\$25.50	\$14.50	\$30.00	\$17.50

Enger Park Proposed Fees									
	2013 Rates		Proposed 2014-15		2016-2017		After Renovation		
Twilight*	\$15.00		\$19.00		\$19.00		\$25.00		
Non resident			\$35.00	\$20.00	\$40.00	\$22.50	\$72.00	\$40.00	
Non Resident afternoon			\$26.00	\$16.00	\$29.00	\$19.00	\$42.00	\$25.00	
Non Resident twilight	\$15.00		\$20.00		\$20.00		\$26.00		
Golf Carts									
Daily Fee	\$17.00	\$8.50	\$17.00	\$9.00	\$17.50	\$9.50	\$18.00	\$10.00	
Member	\$10.00	\$5.00	\$11.00	\$6.00	\$12.50	\$7.00	\$14.00	\$8.00	
Twilight Cart			\$10.00		\$12.00		\$14.00		
Daily Trail Fee	\$15.00		\$17.00		\$18.00		\$20.00		
Driving Range									
Small Bucket	\$4.00		\$4.00		\$5.00		\$6.00		
Large Bucket	\$7.00		\$7.00		\$9.00		\$10.00		
* Starts 3 hrs before sunset	** After 10:30 am		*** After noon only		**** Starts at noon				

## Administering Resident Rates

One of the questions that arises when implementing a split rate (for residents and non-residents) is how to enforce it. Many facilities simply rely on the honor code, relying on the golfer to tell them whether or not they are a resident. Obviously, this can lead to abuse by both the customer and frequently by the cashier who seeks to win the customer's favor by giving them the lower rate.

Some facilities ask for proof of residency, such as a driver's license. However, this is considered intrusive and many customers take offense. Notably, few higher fee or resort courses employ this method.

What we recommend is modifying the Patron card program to accomplish the task. The way it works is that you create two levels of the Patron card, such as "Silver" and "Gold". The Gold Patron card would work the same way as it does now. The Silver Patron card would then replace the "Resident" rate. Your "rack" rate becomes the non-resident rate.

Residents can then be given the Silver Patron card for a small fee (such as \$1-\$5) or even free. But non-residents could also be allowed to purchase it for a higher fee (such as \$20 initially, then increasing to \$50 in 2018). You can also charge citizens of Duluth one fee (such as \$1), while other local residents get a slightly higher fee (\$2.50 initially).

To get the Resident pricing on the Silver Patron card, one would have to show a driver's license, but this would only be when they first purchase the card. At that time, the customer's data would be entered into the POS system, including contact information – especially their email.

By participating in the Patron program, they would agree to receive emails from the club. This will significantly build up the email database for the club and be an excellent low-cost marketing tool.

## Season Passes

There are several guiding forces in our rationale for the new pass rates. First, we feel the current rates are too low, based on usage. Last year, their average rate per round was just \$10.52. Second, we feel that weekend demand will dramatically increase as non-resident play is promoted, especially when the renovated course opens. And given that the weekend rates are the highest yield, it makes sense to try and open up as many as possible to full-fee paying golfers. Thus we want to discourage member play on weekends. Third, we want to bring the senior discount for the passes more in line with the senior discount on the green fees.

Our recommended changes include:

- **Creating a 5-day pass:** The 5-day pass will be priced below the current pass rates, while the 7-day pass will be increased. This should have the effect of moving many members to the lower price pass and, as a result, free up more weekend tee times for full-fee golfers. As seniors will be the dominant group buying this pass, we definitely feel a senior discount is not warranted.
- **Adding a Patron “Silver” card** that will entitle the bearer to get the “resident” green fee rates. These rates will then be advertised as “Patron Silver” instead of “Resident”
- **Trail Pass:** We want to highly discourage the use of private carts. At the same time we want to price the trail pass more in-line with statewide averages.
- **Range Pass:** We are proposing adding a range pass that would give the user to get unlimited range balls for their own use. (Sharing the balls would be forbidden and grounds to forfeit the pass).
- The fees below are excluding tax.

Season Passes						
	Current	2014	2015	2016	2017	2018+
7 Day Passes						
Adult	\$670	\$750	\$750	\$775	\$800	\$1,000
Family	\$1,050	\$1,400	\$1,400	\$1,450	\$1,500	\$1,750
Couple		\$1,250	\$1,250	\$1,300	\$1,300	\$1,500

Senior	\$480	\$550	\$600	\$650	\$675	\$750
Senior Couple	\$860	\$950	\$1,000	\$1,050	\$1,100	\$1,200
Young Adult	\$400	\$425	\$450	\$475	\$500	\$550
Junior	\$275	\$300	\$325	\$350	\$350	\$400
5 Day Passes						
Adult		\$450	\$450	\$475	\$475	\$550
Couple		\$800	\$800	\$825	\$825	\$950
Young Adult		\$300	\$300	\$325	\$325	\$400
Junior		\$200	\$200	\$225	\$225	\$275
Patron						
Silver Resident		\$2.50	\$2.50	\$3.00	\$3.00	\$5.00
Silver Non-Resident		\$20	\$20	\$25	\$25	\$40
Gold	\$190	\$200	\$200	\$210	\$210	\$250
Cart Trail Pass	\$250	\$325	\$375	\$450	\$550	\$700
Range Pass		\$195	\$200	\$210	\$210	\$250

**Notes:**

- **Young Adults** are individuals aged 19-24
- Family memberships are limited to a maximum of two adults over 25 years of age

## Golf Operations

For the most part, we find that golf operations at Enger are in good shape. Below are our recommendations for improvements.

### Staffing

**Current**

We feel the present staffing levels are sufficient. However, we would encourage the City and operator to explore utilizing volunteers for ranger and starter positions.

While having starters and marshals is important, it is equally important that they be both *competent* and *personable*, otherwise they can easily become a liability rather than an asset. Our recommendations include:

- **Volunteers:** We would recommend using volunteers instead of paid workers. We strongly suspect that there will be a large pool of prospective volunteers to draw upon.
  - **Compensation:** Compensation should be based on a strict formula, such as one free round of golf per four hours worked. We would include cart, although some courses do not.
  - **IRS:** IRS regulations require a 1099 form be issued for the cash equivalent of the free golf (if over \$600 a year). Volunteers need to understand this. As most volunteers tend to be retirees, they rarely have to pay any tax on this amount.
- **Usage:** We recommend that starters and marshals be used seven days a week. We would encourage a marshal to always be on duty. However, starters may only be needed during the peak playing times.
- **Hiring:** A strong screening program needs to be put in place to ensure that the marshals have a friendly personality and appropriate attitude and are not just looking for “free” golf. They also need to be responsible and take the job seriously.
- **Training:** A systematic training program needs to be implemented that covers customer service and how to effectively encourage faster play without creating ill will. Training should also cover how to handle unruly customers and emergency situations. Proper training is essential to a good starter/marshal program.
- Marshals need to understand that customer service is just as important as pace of play.
- Have regular staff meetings with marshals to discuss issues and ways of improving performance. (At least once a month).
- Starters and Marshals need to be regularly supervised, including mentoring and not just time scheduling. We would recommend that an Assistant Pro or Assistant Manager be assigned at each course to oversee the starters and marshals, including their hiring, training and supervision. Many facilities have also been successful at having one of the starters/marshals take a leadership role, including assisting with scheduling and training.
- **Free Golf:** While the starters and marshals are compensated with free golf, it should not come without restriction. Their free rounds should always be scheduled during non-peak times and require the supervisor’s approval. Such approval should not be denied without cause.

## 2014

When the facility is reduced from 27 to 18 holes, some staff reductions may be possible. This is especially true in maintenance; at least until the grow-in period begins.

With regards to the clubhouse, proshop and cart operations, it is unlikely that there will be significant reductions as it is important to maintain at least the same level of service as today. However, we would encourage regular monitoring and adjust schedules accordingly.

## New Clubhouse

With the opening of the new clubhouse, the major need will be increasing the food and beverage staff to be able to handle banquets and outings. This will likely require the hiring of a full-time F&B director with catering experience. This person should be added 60 days ahead of the anticipated opening. This person should also be able to serve as either a cook or salesperson, at least until volume increases to where these can be separate individuals.

A determination will need to be made as to whether the clubhouse is going to remain open in the golf off-season. If so, then there will need to be a full-time chef hired. Otherwise, seasonal people can be used. However, this will likely mean that the F&B Director will also need to serve as a chef, at least in terms of creating dishes and training kitchen staff.

If the clubhouse is a year-round operation, then several positions will need to be year-round (cook, sales, head server); although depending on the anticipated hours and F&B director, they may not necessarily have to be full-time.

The majority of the F&B staff will be part-time seasonal. We would encourage that most of the staff be cross-trained so they can handle multiple duties such as fast-order cooking, serving, dishwasher, beverage cart attendant, bar tender, etc. (Not everyone would be cross-trained for all duties, but the more positions a person is trained for, the greater the staff flexibility).

If the clubhouse is NOT year-round operation, then it may be possible to have a single person handle both the proshop and snack bar during very slow periods.

### 2018

When the new facility is ready to open, additional staff will be needed in every aspect of the operation as the customer service level must be raised. In particular, we would see a significant increase in cart staff so that during primetimes there will be a cart attendant available at the bag drop area to assist in unloading and loading golf bags.

Additional beverage cart attendants will be needed as there will now be three nines to service. During prime times, we would want three carts operating, one for each nine. The goal at all times should be to have contact with each group three times per nine holes.

## **Group and Tournament Play**

As noted in the NGF report, Leagues are a significant portion of play at Enger. Unfortunately, league rounds are not kept, so an accurate count is not available. However, most league play is nine-hole and we suspect the vast majority of nine-hole rounds come from league play. Based on interviews and observation, we would estimate at least 40% of all rounds at Enger come from league play.

Tournament rounds are also not currently being tracked. But they do not appear to make up a large segment of play at this time.

### Leagues and Clubs

#### **Current**

For the upcoming golf season, we would encourage establishing in-house leagues to fill any large gaps in the schedule. Shotgun starts should be reserved for leagues with at least 40 players, and should start with hole 1 and go forward, rather than include 17, 18 etc. This will allow more non-league players to play without having to set aside large blocks of time on the teesheet aside *prior* to the league in order to have 17 and 18 clear.

#### **2015**

When nine-holes are shut down, it will likely mean a decrease in league activity. We would not want to have two leagues operating at the same time as it not only blocks the times during the leagues from daily fee play, but also 18-hole play five hours *before* the leagues and nine-hole play three hours before in order to have the course cleared by the start.

This may mean encouraging one or more of the current leagues to either shift to Lester Park or choose an alternate time. (You can have leagues going back-to-back, just not simultaneous.)

## 2018

With the facility going back to 27 holes, new leagues can once again be encouraged. However, we see two different price points. The “League” course would offer value pricing while the “Brauer” course would have a premium attached. It may be that some leagues would like to alternate, in which case the higher fee would be charged when the Brauer course is used.

With 27 holes, it is once again possible to have simultaneous leagues as long as one of them is willing to pay the higher fee and play the Brauer course.

## Outings and Tournaments

Tournaments not only are a great source of revenue, especially during slower times, but they are also an excellent opportunity for marketing as they bring players to the course who otherwise would not play the course. Thus, we see tournaments and outings becoming increasingly more important to Enger as the renovated course opens. With 27 holes, Enger is in a great position to attract large tournaments that 18-hole courses cannot handle. Further, it can host smaller tournaments without sacrificing daily fee play. This will change when nine holes are closed for renovation.

### Current

While Enger’s appeal will increase dramatically as the renovated course and new clubhouse open, there is still a lot that can be done in 2014. This includes:

- **Tracking:** All tournament and group rounds should be tracked. It is important to establish exactly what the contribution of tournaments are to the bottom line. This includes not only the rounds, but all the revenue.
- **Marketing:** Enger should be more proactive in soliciting tournaments. This includes:
  - **Brochure:** A tournament package should be developed including a brochure, options, menu, etc.
  - **Calling:** Likely tournament and group sponsors should be contacted directly, instead of waiting for the phone to ring.
- **Pricing:** Currently, tournaments and groups are being charged standard rates. We recommend that pricing be *demand based*. Be willing to discount green fees to attract tournaments and outings to otherwise slow times, but charge a premium (higher than the regular fee) if they want to play during high demand times. This reflects that you are inconveniencing your regular customers and thus risk losing them. The goal would be to attract more tournament play during slow periods with better pricing while increasing revenue overall.
- **In-House Tournaments:** Consider adding more in-house tournaments with varied formats. These can be highly profitable and popular. (Scrambles work best for attracting the most participation). We suggest having three per year.

## 2016

With the new clubhouse and nine new holes, Enger should become a much more popular tournament and outing destination. New brochures need to be developed. Make sure that every wedding party and banquet that books the clubhouse has the opportunity to put together a corresponding golf outing.

We also recommend hiring a full time outing sales person who would be marketing both golf tournaments/outings and banquets/weddings. This person would be paid a base plus commission. It should be a year-round position. They should be hired no later than three months prior to the opening of

the clubhouse. If this person is not hired in 2016, they should be hired prior to the Grand Opening of the Brauer course.

## 2018

With a new course and rebranding, efforts should be redoubled for going after tournament play. Prices should increase, given the improved facility.

## Cart Operations

Since the NGF review, 10 new carts have been added to the fleet at Enger. The annual cart plan has been eliminated. The “full” cart pricing has been eliminated as each golfer is charged the “half-cart” price. Cart storage has also been eliminated.

### Current

While the “full-cart” pricing has been eliminated, *it is still present on the website and printed price sheets*. This needs to be changed.

We are still concerned about the difference between *expected* cart usage based on observation and interviews and *recorded* cart usage as seen in the POS. There are several possible explanations for this, including:

- Golfers having keys to the carts (one key fits all) and are simply taking the carts without checking in or paying for them.
- One golfer is paying for a half-cart, but then allows another golfer who has not paid, to ride along.
- Staff duplicity.

The best way to guard against these possibilities is through careful monitoring, especially with the starters and marshals. Specifically, we recommend:

- ALL golfers must check in at the register, whether they are a pass holder or not.
- ALL golfers must be given a receipt at the register.
- Starters
  - Should be used during all but the very slowest of times
  - Should check the receipts of EVERYONE and note who has paid to ride carts
  - Should pair up players in the same group riding carts so that there are not two singles each riding a cart in the same group
  - Should record the cart number on the teesheet (and name if not already there) for each person riding.
- Marshals
  - Should be given a teesheet
  - Should check in with the starter periodically to see what carts are *supposed* to be on the course and how many players in each cart (by cart number).
  - Should verify receipts when suspecting a player has not checked in, or paid for cart usage.
- Players caught using a cart without paying (or walking onto the course without paying) should be asked to pay immediately and given a warning that next time they could face banishment from the course. Repeat offenders should be notified that they are subject to prosecution.

## 2016

With the new clubhouse and cart barn, Enger should transition from a gas fleet to an all-electric fleet. The current fleet should be traded in (with some transferred to Lester to increase their fleet). The new fleet should consist of 76 player carts and two beverage carts.

Cart staff will need to be added as we would offer parking lot loading and unloading during peak play periods.

## 2018

We would add an additional 24 player carts, bringing the total to 100. We would also add a third beverage cart.

Additional cart staff will be needed to handle the increased volume and extend parking lot service hours.

We would also recommend adding two single rider handicap carts to allow full ADA accessibility to the course. Not only is this the right thing to do, but it can also be used to garner additional publicity for the club.

# Merchandise Sales

## Current

With the limited proshop space, there is little that can be done until a new clubhouse is added.

## 2016

With the new clubhouse, we strongly encourage a complete rethinking of how proshop merchandise is handled. Among our recommendations:

- **Inventory:** With a much larger proshop, there is considerable room for inventory. The proshop should look “full” without appearing overcrowded. A target inventory budget would be \$75,000 in inventory.
- **Women’s Clothes:** The facility needs to become more attractive to women. One of the key ways this can be done is to dramatically increase the inventory of women’s goods. Even though there may not (currently) be as many women shopping in the proshop as men, they are very sensitive to the discrepancy in sales area and many consider it “insulting”. Thus, the increased inventory will actually help generate more play from women. But it is also true that women will outspend their male counterparts in the proshop, if given selection.
- **Attitude:** Many golf operators place little effort trying to promote merchandise sales. However, if you treat the merchandise sales as though it were retail *store* and not just a convenience item for customers, the whole attitude changes. By emulating the practices of successful *retail* stores, sales can increase significantly. It’s all about attitude and how to approach sales.
- **Sales:** Sales, sales, sales. The magic word in retail is “sales.” Sales should not be restricted to merchandise that is old and has not sold. The successful retailer will put everything on sale, just not all at the same time! Always have a sale going on – including new and “prime” merchandise. We would suggest having “theme” sales – such as all Nike goods (hard and soft), then all Callaway, etc.
  - Sales should be promoted with signage in the pro shop, notices on the cart, through email blasts, and notices on the website.
  - The pro shop should set up a special area or table for sales and clearance items. This area should be clearly marked, accessible, and well lit.

- **Hard Goods:** The biggest issue facing golf pro shops in competing with discounters is the high cost of inventory and the large number of choices there are in equipment. The Duluth golf courses should only one or two brands that the Head Pros are most comfortable selling. With equipment, it is difficult to please everyone. Pick products that are going to work the best for most people.
- **Soft Goods:** Given the diverse market, there is a need to offer selections at every price range, especially in the “value” category, with logoed shirts priced \$35 or less.
  - **Pockets:** Seniors are a dominant market at Enger. And they really love pockets on their shirts. Make sure to have a selection of shirts with pockets
  - **Sizes:** Because Enger Park has a very large senior market, make sure you carry more Mediums and smalls than would normally be the case.
- **Incentive:** There is no incentive for PGM or any of the staff to sell more merchandise. Incentives have a very strong, positive effect on sales. One way to do this would be to create a commission pool from the sales (such as 10% of the net sales [gross sales less cost of sales], then dividing it among the staff on a monthly basis.
- **Rental Clubs:** Make sure to have two levels of rental clubs – value clubs for beginners and thrifty golfers, but also have premium sets available for tourists. Charge accordingly.

### 2018

The biggest change with the Grand Opening will be a big shift in the market to more tourists and high-end golfers. This requires a corresponding change in the proshop. Higher end shirts (\$70-\$80) should be added and prominently displayed. Higher end clubs should also be featured.

## Food and Beverage

### Current

The biggest complaints we heard regarding Food and Beverage comes from beverage cart service – not being consistent or frequent enough. The goal should be to hit golfers at least twice per nine holes. (This should be increased to three times per nine-holes when the facility is rebranded).

Other recommendations:

- **Women:** Again, we want to make the facility more attractive to women. This can also be done on the food and beverage side by adding more healthy choices, such as salads and wraps. We would also offer whole grain breads as a choice on sandwiches and buns.
- **Fountain Drinks:** There needs to be a LARGE size added. Currently there is only a 12 oz. size, which is too small. We would recommend having a 32 oz. and a 16 oz. size. But make sure the cups fit into the cup holders on the carts!
- **Menu:** The physical menu needs to be redone and made more attractive and simpler to follow. Make sure you have prices on the drinks! (You do not now).
- **Cost of Goods:** The current cost of goods has gone down since the NGF study, but is still high. It should be no higher than 40% total – including food and beverages. (Beer should be around 25%). Inventory controls may need to be implemented if the problem is not corrected.

### 2016

The new clubhouse opens a whole new era for Enger. It's a new ballgame with the new clubhouse!

One of the biggest decisions to be made is whether or not to make the clubhouse a 12-month operation – making the grill into a full-service restaurant designed to service tourists and residents, as well as golfers.

Our opinion is that it would work. But we have not done a comprehensive feasibility study to determine this. Such a study may be prudent prior to the opening. For the purposes of this report, we are assuming that the clubhouse does NOT remain open year-round, except for banquets, etc.

One area that will not change immediately with the new clubhouse is the beverage cart service. It will change, though, with the opening of the Brauer course.

Changes that will need to be made include:

- **Staffing:** As mentioned above, a full-time F&B director should be hired at least three months prior to the opening. The director should also fill a dual role as either the main chef or main salesperson. Whichever role the director does not fill, will need to be filled with a full-time person. Typically, the director will be the chef, so we would recommend the hiring of a full-time sales person.
  - **Staff:** Additional cooks, servers, etc. will be needed
  - **On Call:** There will need to be a large pool of cooks, servers and helpers available on an on-call basis year round. Consider pooling resources with other City catering outlets.
  - **Flexibility:** We recommend that most of the staff be cross trained to handle at least two or more duties.
- **Table Service:** Table service should be added during prime demand times.
- **Hours:** Extend the hours for the restaurant and bar to encourage more evening use, especially on league nights, Friday and Saturday.
- **Golfers:** It is ESSENTIAL that the grill/restaurant staff understand that golfers need to have priority.
  - **FAST food:** There should be a golfer menu featuring fast to prepare items.
  - **Designated Order Area:** There should be a special area at the counter where golfers making the turn can place orders and be handled immediately.
  - **Phone Orders:** The grill should have a special order phone line installed. This number should be advertised to golfers via signage on the tee of the last hole on each nine, and on cart signs, etc. Golfers can then call this number and order ahead when they are making the turn.
  - **Beverage Cart:** Because the clubhouse is not as convenient for golfers making the turn, the beverage cart needs to be able to offer a wider selection of food items, especially sandwiches and wraps. Consider delivering food to the 10<sup>th</sup> tee for golfers ordering in advance.
  - **Outdoor Grill:** On weekends and league nights, we strongly recommend setting up an outdoor grill/service area near the starter shed and current clubhouse location. The grill should be able to offer hamburgers, hot dogs, sausages, and grilled chicken as well as a variety of beverages. These operations are enormously popular with golfers.

## Marketing

The clubhouse will require marketing for just the clubhouse services in addition to the regular golf course marketing campaign. Among the recommendations:

- **Salesperson:** This person should be full-time and should also sell tournaments and outings on the golf course. If Lester is still under City management, this person can also place tournaments

and outings there as well. They should have a base (\$25k or so) plus commission, designed to get earnings to \$45-50k level, with potential for more.

- **Boardroom:** The “boardroom” at the clubhouse should be outfitted with the latest AV equipment. This room can then be marketed to area businesses for small business meetings, with the room offered at no charge if there is a meal or golf outing accompanying the meeting.
- **Weddings:** Advertise in area bridal magazines and pull-outs. Attend area bridal shows. Contact all area wedding coordinators and invite them to the clubhouse for a meal. Promote with the Parks department whenever anyone books the Enger pavilion. (We would recommend providing contact information to the sales person to handle).
- **Brochure:** A brochure for just the clubhouse should be created and distributed.
- **Chamber of Commerce:** Host a chamber event.
- **Contact** area businesses, churches, civic organizations, etc. and let them know about the facilities, especially the boardroom and ability to handle small and large functions.
- **Area residents/businesses:** Distribute coupons and flyers to residents and businesses within 5 minutes of the clubhouse for lunch traffic.

## 2018

With the rebranding, we expect to add more expensive items to the grill menu. Beverage cart service will be increased to three carts and expectation of seeing every group three times per nine.

# Marketing

## Current

- **Budget:** Increase the budget. We would recommend 2% of gross revenue.
- **Sign:** Add directional/informational sign on I-35
- **Improve the Website:** Add information about food and beverage, merchandise, the driving range, lessons and clinics and junior programs. Also, advertise special “sales” and other merchandise discounts on the website.
  - **Consider adding a newsletter** which would contain information about leagues, member news (holes-in-one, etc.), maintenance procedures, pro’s tips, etc.
  - Add on-line tee times
  - Add more pictures
- 
- **Social Networking:** Create accounts for Facebook, MySpace, and Twitter. Try to have someone on staff who can keep these accounts current and proactive. [Make sure you monitor the content!]
- **Print Is Not Dead** – Although various forms of print media are less popular with golf facilities in the Internet age, this area of golf marketing is not totally dead. Print media can help raise brand awareness and promote the image of Enger Park, even if at a quick glance or to drive prospects to the Website for more information. Magazine ads and rack brochures are still effective in the Duluth market and should be included in the facility’s marketing plan.
- **Market the future:** As soon as they are available, plans for the new clubhouse and golf course should be posted in a large display in the clubhouse as well as online on the website.
- **Golf Now:** Promote known hard to sell teetimes through Golf Now and other online discounters.

## 2016

- Add the clubhouse marketing campaign described above under Food & Beverage. Increase marketing budget.
- Have a grand opening event for the clubhouse. This should include a golf tournament and banquet. Make sure the press is invited.
- Start to market to tourists.

### **Tourist Market**

The market that is most overlooked by the current marketing strategy are tourists. According to Visit Duluth, the greater Duluth area hosts about 3.5 million tourists a year. Given that Minnesota has the highest golf participation rate in the country, we can assume that a large portion of these visitors (perhaps in excess of 1.0 million) play golf. This number dwarfs the local golf market, yet no effort is being made to capture any of these potential rounds.

One of the first questions to be asked is why aren't more of these tourists playing golf in Duluth now? To best understand the issues involved, we need to separate these golfers into two groups: 1) golfers who intend to play golf while in the Duluth area (planners) and 2) those that are not planning to play golf (impulse).

**Planners:** These are golfers who intend to play golf when in Duluth. Again, they can be further subdivided into two groups: 1) those that came to the Duluth area specifically to play golf and 2) those that are here for other reasons, but intend to play while they are here.

With regards to the first group, it is unlikely that they are playing any golf in Duluth, but rather are using Duluth as waypoint on their golfing trip. These golfers are likely to be playing resort courses at Giants Ridge, Wilderness or Superior National. These golfers are not likely to be interested in playing either Duluth courses as they are currently configured. This is because they are looking specifically for a resort golf experience, which typically involves a much higher expectation for quality. [It should be noted that we believe there is a significant opportunity to capture this market with a resort quality course in Duluth.]

The second group also will likely have higher standards. This is because golfers when they travel usually want a better golf experience than what they typically have at home. However, because there are no resort courses in Duluth, the two Duluth Golf facilities have an opportunity to capture some play from this market.

**Impulse Market:** It is likely that the vast majority of the golfers traveling through this area are not planning to play golf while in Duluth. Thus, for them to play in the Duluth would require them acting "on impulse." This group represents the Duluth Golf best opportunity of capturing additional rounds.

Why are these golfers not playing golf at Duluth Golf now? Here are the most likely reasons:

- **Quality:** As stated above, golfers when they travel are looking for a quality golfing experience. Because they view this as a "vacation", they want to treat themselves to great golf course. Price is typically not a major concern as they see it as a "one-time expense" as opposed to their weekly golf expense at home. While they prefer playing "resort" courses, they would also be interested in any unique golfing experience, such as a course offering beautiful scenery that is different from what they see at home. It is this latter aspect that provides opportunity for Duluth golf, especially for Lester Park which offers some spectacular scenery.
- **Awareness:** We suspect that the biggest reason golfers do not play here when they travel is simply because they are not aware of the city's courses and especially are not aware of the scenic nature of both facilities.

- **Opportunity:** Most of the impulse market will not be traveling with their clubs because they were not planning on playing golf. Thus it is critical to make them aware of the availability of quality rental sets at an affordable price.

Please note that the one reason not mentioned above is price. When golfers travel they tend to be willing to pay substantially more for their golf than when they are at home. This is because they view it differently – it is a vacation expense as opposed to a reoccurring expense. In fact, being an inexpensive course can work against getting tourist play because golfers correlate price with quality and assume an inexpensive course is not going to be of very good quality.

Begin the marketing campaign for tourists by:

- **Brochures:** A brochure should be developed and distributed to all tourist racks in the area, as well as all the area visitors bureau, the Chamber, Visit Duluth and the CCVB for mail-outs. The brochure should be professionally designed and feature professionally taken photos of the course. It *needs to have the word “golf” appear on the top of the front panel* so it is easy to see in a tourist rack.
- **Co-op advertising/cooperation with area agencies:** Work with VisitDuluth and other area agencies promoting tourism to be included in their brochures, websites as well as information packets.
- **Regional Golf Publications:** Place ads in regional golf publications.
- **Promote with area hotels:** Area hotels should be approached directly about marketing the course to their guests. Incentives could be given to both the guests (coupons, etc.) and the front desk staff.
- **Website:** To attract more golfers, the website should contain a layout for each facility, be readily found for searches for “golf Duluth”, “Golf Superior”; “Golf Iron range”, “Golf Minnesota”; etc., include online tee-times and have lots of pictures (especially for Lester Park).

### 2018 – Rebranding

The opening of the “Brauer” course should coincide with a comprehensive rebranding of the facility. This will involve several significant steps:

- **Renaming:** We would give the two courses (18 hole and 9 hole) distinct names, such as “Brauer Course at Enger Park” and the “League Course at Enger Park.” The facility would become the “Enger Park Golf Complex.” However, most of the marketing should focus on “The Brauer Course at Enger Park.” The renaming is important in establishing that the facility is completely different than before.
- **New Logos:** The rebranding should include new logos. There should be one for The Brauer Course and one for the Enger Park Golf Complex. This will boost merchandise sales as well as making a clear distinction between the old and the new. The new logo **MUST** be professionally designed.
- **Grand Opening:** There should be several Grand Opening events, including an in-house tournament with VIPs.
- **Marketing:** The marketing budget for 2018 should be 25% higher than normal (3%). This is to make a large splash. The marketing campaign should begin *as soon as the season ends in 2017.*
  - **Billboard:** A billboard will be the most effective way of reaching all the golfers traveling through the area. The ideal location would be on I-35 as most of the tourists

will be using this road. Another excellent location would be on Hwy 61 coming south into town.

- **Website:** The website needs to be completely redone at this time, and “upscaled.” Of course it should feature pictures of the new course.
- **Click Advertising:** Set a budget and advertise with Google, Bing, Facebook, etc., on a click-advertising basis for searches under “golf Duluth” “Golf Iron Range” and even “golf + Giants Ridge” and “Wilderness at Fortunes Bay”. (With “click” advertising you are charged every time someone clicks on the link to your website from the ad. However, you can set a budget so that when that amount is reached on a monthly basis, the ad no longer appears).
- **Brochure/Print Materials:** All need to be redone, and done at a “higher quality level”. The brochures need to be redistributed.

## Other

- **Ball Machine:** Replace the existing range ball machine with a modern self-service machine that can take magnetic (swipe) cards. The electronic cards allows for golfers to prepay for the range balls. They function like a debit card, with a dollar amount stored on the card and then charged each time a bucket of balls is used. The advantages of the electronic system are many:
  - **Convenience:** Golfers will be able to go straight from their car to the range without having to go to the pro shop each time. This should encourage more range usage.
  - **Prepay discounts:** Golfers can be encouraged to purchase larger amounts by giving them discounts (e.g. for \$100 they get \$125 worth of credit).
  - **Tracking:** Because the cards have to be purchased, the City can get information from the golfer and then be able to track usage. This can be helpful both in marketing and operational planning.

## Financial Projections

In this section, we will review our financial projection for the next ten years for Enger Park. We examined three different scenarios:

- **Status Quo:** This assumes NO renovations and operations continuing as they are. We DO assume that the City continues to maintain the course with an equivalent budget to today.
- **Standard:** This assumes that renovations are made to improve the infrastructure of the course, but it is not taken to resort standards. It does assume a new clubhouse.
- **Resort:** This assumes the course is upgraded to resort standards and rebranded as stated in this report.

The projections assume:

- Stable weather. (We know this won't be the case, but we can't pretend that we can predict what the weather will be either.)
- Stable economy. (Same reasoning).
- The recommendations presented in this study are implemented for the resort model.
- Only 18 holes are renovated over the next ten years.
- For both Standard and Resort scenarios, the facility will operate as an 18-hole course for CYs 2015-2017, with the Reopening of all 27 holes in 2018. The Clubhouse is assumed to be open by 2016.
- The Clubhouse is financed through the Tourist Tax.

Detailed cash flow projections can be found in Appendix E. We believe these projections to be conservative in nature.

We are projecting a negative Net Operating Income ("NOI"), which excludes depreciation, interest and capital expenses, for CY2013 of \$(64,753). This is based on 39,600 anticipated paid rounds (including pass holders), revenue of \$1,009,095, cost of sales of \$133,946, and expenses of \$939,902.

Next year, we anticipate a positive NOI (\$105,852), with 41,000 paid rounds, \$1,210,398 in revenue, \$120,884 in cost of sales, and \$983,661 in expenses. These two years are the same in all three scenarios.

## Status Quo

The Status Quo scenario assumes no major changes to the golf course – either in terms of capital improvement or in operations. Because of this, we forecast that the deteriorating conditions will have an escalating adverse effect on performance.

It is important to note that in these projections, we are assuming the City continues to spend an equivalent amount (adjusted for inflation) on operating costs including maintenance. However, this is NOT likely to happen. Instead, the City is more likely to "budget to revenues", meaning they will reduce the following year's operating expenses based on the current year's revenue. *Budgeting to Revenue will ACCELERATE the course's decline and will lead to WORSE performance than forecast in these projections.*

# CASH FLOW ANALYSIS

	2013 Proj	2014	2015	2016	2017	2018	2019	Total 2014-19
<b>Rounds</b>	<b>39,500</b>	<b>41,000</b>	<b>40,000</b>	<b>38,900</b>	<b>37,800</b>	<b>36,500</b>	<b>35,000</b>	<b>268,700</b>
<b>Revenues</b>								
<b>Golf Operations</b>	\$752,595	\$962,978	\$876,485	\$864,997	\$852,980	\$835,840	\$813,360	<b>\$5,206,639</b>
<b>Membership</b>	\$256,500	\$247,420	\$243,646	\$238,137	\$234,002	\$228,570	\$221,425	<b>\$1,413,199</b>
<b>Total REVENUE</b>	<b>\$1,009,095</b>	<b>\$1,210,398</b>	<b>\$1,120,130</b>	<b>\$1,103,134</b>	<b>\$1,086,982</b>	<b>\$1,064,410</b>	<b>\$1,034,785</b>	<b>\$6,619,838</b>
<b>Cost of Sales</b>	<b>\$133,946</b>	<b>\$120,884</b>	<b>\$119,705</b>	<b>\$118,159</b>	<b>\$116,540</b>	<b>\$114,220</b>	<b>\$111,169</b>	<b>\$700,679</b>
<b>Gross Profit</b>	<b>\$875,149</b>	<b>\$1,089,513</b>	<b>\$1,000,425</b>	<b>\$984,974</b>	<b>\$970,442</b>	<b>\$950,190</b>	<b>\$923,616</b>	<b>\$5,919,159</b>
<b>Expenses</b>								
<b>Golf Operations</b>	\$57,572	\$79,662	\$128,444	\$131,013	\$133,650	\$156,274	\$157,462	<b>\$786,505</b>
<b>Golf Maintenance</b>	\$487,605	\$505,174	\$515,278	\$525,583	\$536,095	\$546,817	\$557,753	<b>\$3,186,701</b>
<b>Food and Beverage</b>	\$92,551	\$92,118	\$93,805	\$95,416	\$94,365	\$92,787	\$90,661	<b>\$559,152</b>
<b>Other Expenses</b>	\$302,174	\$306,707	\$329,476	\$341,829	\$354,282	\$359,948	\$365,598	<b>\$2,057,840</b>
<b>Total Expenses</b>	<b>\$939,902</b>	<b>\$983,661</b>	<b>\$1,067,003</b>	<b>\$1,093,842</b>	<b>\$1,118,392</b>	<b>\$1,155,825</b>	<b>\$1,171,474</b>	<b>\$6,590,197</b>
<b>Net Operating Income</b>	<b>(\$64,753.10)</b>	<b>\$105,852.52</b>	<b>(\$66,578.14)</b>	<b>(\$108,867.36)</b>	<b>(\$147,950.64)</b>	<b>(\$205,635.80)</b>	<b>(\$247,858.37)</b>	<b>(\$671,037.79)</b>
<b>Loan Payment</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>RETAINED CASH FLOW</b>	<b>(\$64,753)</b>	<b>\$105,853</b>	<b>(\$66,578)</b>	<b>(\$108,867)</b>	<b>(\$147,951)</b>	<b>(\$205,636)</b>	<b>(\$247,858)</b>	<b>(\$671,038)</b>

By 2019, we forecast rounds declining to 35,000. This will result in a corresponding decline in revenue to \$1,034,785. Cost of sales would be \$111,169 resulting in a Gross Profit of \$923,616. Meanwhile, expenses will have crept up to \$1,171,474. This results in a Net Loss of \$(247,858). The total net loss for the five year period 2015-2019 is \$(671,038).

## Standard

The Standard scenario assumes the golf construction will cost \$4,800,000 for 18 holes. This is assumed to be financed over 15 years at 5% interest, resulting in an annual payment of \$462,443 beginning in 2015.

Under this scenario, we assume the operational changes recommended in this plan are implemented and the clubhouse is built the same as in the resort scenario. The difference is that the golf course renovations are designed to simply *return the course to its original playing conditions*. Thus, while we do anticipate more tourist play than currently seen, it is not nearly as significant as in the resort scenario. Further, the price structure is much less than the resort scenario, although does show an increase when the renovations are complete.

As with the resort scenario, we assume that only 18 holes are renovated, with the remaining nine left as a "value leader".

## CASH FLOW ANALYSIS

	2015	2016	2017	2018	2019	Total 2014-19
<b>Rounds</b>	<b>33,500</b>	<b>35,000</b>	<b>35,500</b>	<b>45,500</b>	<b>46,000</b>	<b>276,000</b>
<b>Revenues</b>						
Golf Operations	\$774,620	\$889,936	\$987,174	\$1,358,304	\$1,413,292	\$6,386,304
Membership	\$219,605	\$222,508	\$231,895	\$371,845	\$391,864	\$1,685,136
Catering/Weddings	\$0	\$305,000	\$386,000	\$465,000	\$565,000	\$1,721,000
<b>Total REVENUE</b>	<b>\$994,225</b>	<b>\$1,417,444</b>	<b>\$1,605,069</b>	<b>\$2,195,149</b>	<b>\$2,370,156</b>	<b>\$9,792,440</b>
Cost of Sales	\$100,747	\$206,663	\$267,900	\$357,795	\$402,298	\$1,456,287
<b>Gross Profit</b>	<b>\$893,478</b>	<b>\$1,210,781</b>	<b>\$1,337,169</b>	<b>\$1,837,354</b>	<b>\$1,967,858</b>	<b>\$8,336,153</b>
<b>Expenses</b>						
Golf Operations	\$153,662	\$209,155	\$215,414	\$255,985	\$258,641	\$1,172,519
Golf Maintenance	\$512,121	\$538,568	\$577,925	\$697,846	\$708,314	\$3,539,948
Food and Beverage	\$96,699	\$240,096	\$294,266	\$371,592	\$430,504	\$1,525,276
Other Expenses	\$156,315	\$190,108	\$209,677	\$249,278	\$262,169	\$1,374,253
<b>Total Expenses</b>	<b>\$918,797</b>	<b>\$1,177,927</b>	<b>\$1,297,282</b>	<b>\$1,574,701</b>	<b>\$1,659,628</b>	<b>\$7,611,996</b>
<b>Net Operating Income</b>	<b>-\$25,319</b>	<b>\$32,854</b>	<b>\$39,887</b>	<b>\$262,653</b>	<b>\$308,230</b>	<b>\$724,157</b>
Loan Payment	(\$462,443)	(\$462,443)	(\$462,443)	(\$462,443)	(\$462,443)	-\$2,312,215
<b>RETAINED CASH FLOW</b>	<b>\$(487,762)</b>	<b>\$(429,589)</b>	<b>\$(422,556)</b>	<b>\$(199,790)</b>	<b>\$(154,213)</b>	<b>\$(1,588,058)</b>

Because nine holes are closed, we project a sharp decrease in rounds in 2015 to 33,500. This results in revenue of \$994,225 and cost of sales of \$100,747. Expenses will also decline but only slightly, mostly in course maintenance where only 18 holes are being maintained instead of 27. Other operating costs increase. Put together, we expect 2015 to have a slightly negative NOI \$(25,319). However, when we add the \$462,443 in debt service to the tab, we get a resulting \$487,762 loss in retained cash flow.

It should be noted that the changed in management structure results in some of the money in "Other Expenses" being transferred to "Golf Operations". The management fee is assumed to be 5% of the Gross Revenue (same with the Resort option). But it does not include the salaries of the Head Pro, Superintendent and other management that is included in the current contract. As a result these salaries are now put into their respective department operating budgets.

We are also including an increase in the marketing budget from roughly \$5,000 to \$21,000 in 2015. This will jump to \$54,515 in 2018 and the reopening of the 18-hole course.

Food and Beverage expenses jump sharply with the opening of the clubhouse. However, we assume efficient management that will keep the payroll to 41% of revenue with the new clubhouse (52% in the old).

With the new clubhouse opening in 2016, we expect to see significant revenue from weddings and banquets. We project \$155,000 in 2016, growing to \$465,000 by 2019. We feel these are extremely conservative. For example, if we assume an average wedding revenue of \$15,000 (which is conservative), we are projecting the equivalent of only 20 weddings in 2016. It is likely that this number could easily be 30 or more. We do see the banquet revenue increasing each year, reaching \$565,000 by 2019.

Rounds will get a boost with the reopening of the 18-hole course, restoring Enger to a 27-hole configuration. However, like the Resort model, we are assuming nine-holes remain unimproved and is left as a 9-hole "value" course. Fees for this course will be significantly less than for the 18-hole course. However, the prices for the 18-hole course are a lot less under this scenario, especially for non-residents, than in the Resort scenario.

The rounds in 2018 are forecast at 45,500, with revenues of \$2,195,149 and cost of sales of \$357,795. This results in a Gross Profit of \$1,837,354.

Expenses also increase sharply with the reopening, especially with regards to course maintenance. We project expenses of \$1,613,654. The resulting NOI is \$262,653. However, with the debt service, the cash flow is still negative, at \$(199,790). For the 5-year period ending in 2019, the total NOI is \$724,157 and the Cash flow is \$(1,588,058).

Even when we project out 10 years, we see the cash flow approaching break-even, but never quite gets there. For the 5 year period ending in 2024, the cumulative cash flow is a negative \$(514,086) and for the 10 year period, it is \$(2,102,144).

## Resort

This scenario assumes that the course renovations include upgrading the quality of the course to being comparable to those found at area resort courses at Giants Ridge and Wilderness at Fortune's Bay. The intent is to make the course much more attractive to tourists and traveling golfers.

The anticipated cost for the renovation is \$6,000,000. Using the same terms as in the Standard scenario, the debt service would be \$578,054 starting in 2015.

Corresponding with the increased quality are higher fees when the new course (code named “Brauer Course” in this report) opens in 2018. Expenses are also higher as customer service is taken to a higher level.

The performance under this scenario mimics that under the Standard scenario through 2017. Revenue is a bit higher as the fee structure is anticipated to be higher once the first nine opens. However, the big jump in fee occurs in 2018 when the facility is rebranded as one with a resort quality course. Non-resident fees will take the biggest jump. Prices on the League course for residents, however, will be consistent with those seen in the Status Quo scenario for all 27 holes.

## CASH FLOW ANALYSIS

	2015	2016	2017	2018	2019	Total 2014-19
<b>Rounds</b>	<b>33,500</b>	<b>35,000</b>	<b>35,500</b>	<b>46,000</b>	<b>47,500</b>	<b>278,000</b>
<b>Revenues</b>						
Golf Operations	\$758,081	\$950,322	\$1,085,909	\$1,931,593	\$2,106,406	\$7,795,289
Membership	\$226,735	\$289,529	\$305,826	\$358,216	\$364,988	\$1,792,715
Catering/Weddings	\$0	\$305,000	\$386,000	\$540,000	\$645,000	\$1,876,000
<b>Total REVENUE</b>	<b>\$984,816</b>	<b>\$1,544,851</b>	<b>\$1,777,735</b>	<b>\$2,829,809</b>	<b>\$3,116,395</b>	<b>\$11,464,004</b>
Cost of Sales	\$100,747	\$224,838	\$290,265	\$451,155	\$494,955	\$1,682,844
<b>Gross Profit</b>	<b>\$884,069</b>	<b>\$1,320,013</b>	<b>\$1,487,470</b>	<b>\$2,378,654</b>	<b>\$2,621,440</b>	<b>\$9,781,160</b>
<b>Expenses</b>						
Golf Operations	\$153,072	\$209,576	\$215,848	\$271,652	\$274,592	\$1,204,402
Golf Maintenance	\$512,121	\$538,568	\$577,925	\$758,911	\$770,295	\$3,662,994
Food and Beverage	\$96,699	\$240,096	\$307,936	\$447,005	\$506,688	\$1,690,542
Other Expenses	\$155,656	\$198,117	\$220,646	\$289,036	\$309,773	\$1,479,935
<b>Total Expenses</b>	<b>\$917,549</b>	<b>\$1,186,358</b>	<b>\$1,322,355</b>	<b>\$1,766,604</b>	<b>\$1,861,346</b>	<b>\$8,037,873</b>
<b>Net Operating Income</b>	<b>-\$33,479</b>	<b>\$133,655</b>	<b>\$165,115</b>	<b>\$612,050</b>	<b>\$760,093</b>	<b>\$1,743,287</b>
Loan Payment	(\$578,054)	(\$578,054)	(\$578,054)	(\$578,054)	(\$578,054)	-\$2,890,269
<b>RETAINED CASH FLOW</b>	<b>(\$611,533)</b>	<b>(\$444,398)</b>	<b>(\$412,939)</b>	<b>\$33,997</b>	<b>\$182,040</b>	<b>(\$1,146,981)</b>

In 2018, we are projecting 46,000 rounds with revenues of \$2,829,809. Cost of sales of \$451,155 leaves a Gross Profit of \$2,378,654. Operating expenses are forecast at \$1,766,604, with course maintenance taking the biggest jump. The resulting NOI is calculated at \$612,050. With a debt payment of \$578,054, the course has a positive cash flow of \$33,997 in the first full year of operation.

In 2019, we expect the cash flow to become more positive at \$182,040, and it should remain positive. Over the next five years, the cash flow should be a cumulative \$1,329,534. For the 10 year period ending in 2014, we achieve a positive cash flow of \$182,552.

## Scenario Comparison

The table on the next page shows a comparison of the three scenarios for three different time periods: 2018, 2014-2019 cumulative, and 2020-2024 cumulative.

With the Status Quo scenario, performance continues to decline at a gradually accelerating rate. Starting in 2015, we expect the facility will have a negative NOI and cash flow. For the five years ending in 2019, we expect a cumulative negative cash flow of \$671,038. For the next five years, the loss nearly doubles, with a total of \$(1,214,885). This results in a ten-year loss of \$1,885,923. In fact, we feel the losses are likely to be greater as the City will no doubt try to reduce the maintenance budget, resulting in even worse playing conditions and a greater decrease in rounds and revenue.

The Standard Scenario has a positive NOI every year from 2015 on. In fact, over the 10 year period ending in 2024, the combined NOI is \$2,522,285. The problem is that over the same period, the debt service is \$4,624,430. As a result, the cash flow is actually worse than the status quo over this period \$(2,102,144). Although, from that point on the Standard is clearly outperforming the Status Quo and the asset value is significantly higher.

The Resort Scenario also has a positive NOI every year. The difference is in the amount. For the five-year period ending in 2019, the Resort Scenario has a cumulative NOI of \$1,743,287 and a cumulative negative cash flow of (\$1,146,981). The amount of negative cash flow is less than the Standard Scenario, but greater than the Status Quo. This is due to the \$2,890,269 in debt service that is not present in the Status Quo.

However, starting with the reopening in 2018, *we expect the Resort scenario to show a positive cash flow, even with the debt service.* This is only scenario to show a positive cash flow after 2014. For the five year period ending in 2024, the cumulative NOI is \$4,219,802 and the cash flow is \$1,329,534.

For the 10-year period ending in 2024 then, the Resort Scenario produces \$2,284,697 *more cash flow* than the Standard model and \$2,068,475 more than Status Quo.

These projections demonstrate that the Resort Scenario is clearly the better option from a cash flow standpoint for Enger Park.

# CASH FLOW COMPARISON

	2018			Total 2014-19			Total 2020-24		
	Status Quo	Standard	Resort	Status Quo	Standard	Resort	Status Quo	Standard	Resort
Rounds	36,500	45,500	46,000	268,700	276,000	278,000			
<b>Revenues</b>									
Golf Operations	\$835,840	\$1,358,304	\$1,931,593	\$5,206,639	\$6,386,304	\$7,795,289	\$4,317,413	\$7,501,926	\$11,181,059
Membership	\$228,570	\$371,845	\$358,216	\$1,413,199	\$1,685,136	\$1,792,715	\$1,175,350	\$2,080,059	\$1,937,403
Catering/Weddings	\$0	\$465,000	\$540,000	\$0	\$1,721,000	\$1,876,000	\$0	\$2,999,088	\$3,423,738
<b>Total REVENUE</b>	<b>\$1,064,410</b>	<b>\$2,195,149</b>	<b>\$2,829,809</b>	<b>\$6,619,838</b>	<b>\$9,792,440</b>	<b>\$11,464,004</b>	<b>\$5,492,763</b>	<b>\$12,581,073</b>	<b>\$16,542,200</b>
Cost of Sales	\$114,220	\$357,795	\$451,155	\$700,679	\$1,456,287	\$1,682,844	\$581,365	\$2,103,838	\$2,588,392
<b>Gross Profit</b>	<b>\$950,190</b>	<b>\$1,837,354</b>	<b>\$2,378,654</b>	<b>\$5,919,159</b>	<b>\$8,336,153</b>	<b>\$9,781,160</b>	<b>\$4,911,398</b>	<b>\$10,477,236</b>	<b>\$13,953,808</b>
<b>Expenses</b>									
Golf Operations	\$156,274	\$255,985	\$271,652	\$786,505	\$1,172,519	\$1,204,402	\$823,456	\$1,352,577	\$1,435,991
Golf Maintenance	\$546,817	\$697,846	\$758,911	\$3,186,701	\$3,539,948	\$3,662,994	\$2,916,799	\$3,704,162	\$4,028,295
Food and Beverage	\$92,787	\$371,592	\$447,005	\$559,152	\$1,525,276	\$1,690,542	\$474,114	\$2,251,345	\$2,649,748
Other Expenses	\$359,948	\$249,278	\$289,036	\$2,057,840	\$1,374,253	\$1,479,935	\$1,911,913	\$1,371,024	\$1,619,971
<b>Total Expenses</b>	<b>\$1,155,825</b>	<b>\$1,574,701</b>	<b>\$1,766,604</b>	<b>\$6,590,197</b>	<b>\$7,611,996</b>	<b>\$8,037,873</b>	<b>\$6,126,283</b>	<b>\$8,679,107</b>	<b>\$9,734,005</b>
<b>Net Operating Income</b>	<b>(\$205,635.80)</b>	<b>\$262,653</b>	<b>\$612,050</b>	<b>(\$671,037.79)</b>	<b>\$724,157</b>	<b>\$1,743,287</b>	<b>-\$1,214,885</b>	<b>\$1,798,128</b>	<b>\$4,219,802</b>
Loan Payment	\$0	(\$462,443)	(\$578,054)	\$0	-\$2,312,215	-\$2,890,269	\$0	-\$2,312,215	-\$2,890,269
<b>RETAINED CASH FLOW</b>	<b>(\$205,636)</b>	<b>(199,790)</b>	<b>\$33,997</b>	<b>(\$671,038)</b>	<b>\$(1,588,058)</b>	<b>\$(1,146,981)</b>	<b>(\$1,214,885)</b>	<b>\$(514,086)</b>	<b>\$1,329,534</b>

## Economic Impact

In working with many municipalities, we find there are often different standards that municipalities apply to golf courses compared to other public endeavors such as parks, pools and tennis courts. While the participation rates of the golf course (especially in Minnesota) are far greater than for parks, tennis courts and public pools, municipalities seem to hold golf courses to much more stringent standards. Often there are fewer objections to spending millions to build parks, pools and courts and to then subsidize their operation on an annual basis, yet golf courses are usually required *to pay their own way*, and even *repay the initial investment made*.

While many understand the recreational asset value of a golf course, there is also a lack of understanding of their economic impact on the community. In fact, golf course information is one of the top five requests made by companies seeking to relocate. It can also be an important consideration to people in deciding where they want to relocate or retire.

In the case of businesses, they tend to look more at the availability of higher quality golf facilities, especially public. This is one of the main reasons that over the past twenty years, many municipalities have elected to build high-end municipal golf courses, with recruiting new businesses as one of their main objectives.

Unfortunately, it is difficult to put a dollar figure to this potential economic benefit as golf is obviously just one of the important considerations a company has. However, we *can* put numbers to another, more direct, economic benefit to *renovating and rebranding Enger Park*. And that is the impact it will have on tourism.

Below we will look at the economic benefits of the golf facility as a resort quality golf course, as well as the clubhouse as a wedding/banquet destination.

## Golf

For this discussion, we will use 2019 in comparing the economic benefit of the proposed facility to the Status Quo version.

### Direct to the City

There are three direct benefits to the City:

1. Cash flow from the course
2. Sales Tax
3. Tourism Tax

**Cash Flow:** The Status Quo projects a negative cash flow of \$247,858 for 2019. The Resort Model shows a positive cash flow of \$155,001 after debt service. This yields a positive impact of **\$402,859**.

**Sales Tax:** The City also gets 1% more from the sales tax, or an additional \$4,026.

**Tourism Tax:** The difference between the Status Quo F&B and the Resort F&B is \$170,751. With a 1.75% tourism tax, this generates an additional \$2,988.

Combined, the total *direct* economic benefit is projected at \$409,873.

## Indirect Benefits

### Employment

Excluding the additional clubhouse employees, we estimate the golf course will generate about five full-time equivalent employees (FTE) in additional personnel over the Status Quo scenario. (This will likely translate into one year-round full-time, with 15-20 part-time or seasonal help.

### Tourism:

Statewide, a recent economic impact study “The Minnesota Golf Economy 2006” report prepared by SRI International for Minnesota Golf Association estimated golf-related tourism spending in *Minnesota* was \$376.5 million. The SRI study above estimated golfers spend about \$352 a day when traveling in the state.

Currently, very few of the rounds at Enger Park can be attributed to tourists. Staff and observation suggest this number is around 2%, which is consistent with our survey results. For our Status Quo projection, this would equal 700 rounds. In the Resort model, we are estimating that 8,550 are non-resident rounds, for a difference of 7,850.

If we assume that 60% of these rounds came from people who either extended their stay by a day to play golf, or came to Duluth *just* to play golf, we get 4,710 rounds. If we multiply this by the daily economic benefit of \$352/day, we get **\$1,329,534** additional economic impact to the area *per year*. In fact, when inflation is considered, the impact is likely to be closer to \$2 million/year. *Plus, the impact will grow each year as more non-residents come to play Enger Park. (Of this amount, the City would likely receive an average of 2%, or \$40,000/year in additional sales and tourism tax).*

## Clubhouse

### Direct Benefit

The Clubhouse is projected to generate \$827,621 more in food & beverage revenue than the Status Quo model in 2019. Assuming an average cost of sales of 35%, this equates to \$537,954 in additional Gross Profit.

In 2019, projected Merchandise sales are \$225,625 in the Resort Model, compared to \$52,938 in the Status Quo, for a difference of \$172,687. Assuming a 70% cost of sales, this calculates to \$51,806 in additional Gross Profit. Combined, the two equal \$589,760 in additional gross profit.

Sales tax adds another \$10,003 and Tourism tax adds \$14,483, for a **total direct benefit of \$614,246** in 2019. This figure should only increase over the foreseeable future.

### Indirect Benefit

#### Employment

The F&B operation under the Resort Model will require about 13.5 *FTE* more than the Status Quo model.

#### Tourism

For this discussion, we will only look at weddings. In 2019, we are projecting a total of 25 weddings to be booked at the clubhouse. If we assume an average size of 250 guests, we get a total of 6,250 people coming to the clubhouse for weddings.

The question that comes up, then, is how many of these weddings are weddings that would NOT take place in Duluth if the Clubhouse was not available?

With the exposure of the facility from the golf course, plus the regional marketing for weddings that we recommend, we project 15% of the weddings will be from out-of-town or would not otherwise have taken place. If we take 15% of 6,250 we get 938 guests (rounding up). Assuming an average of \$55/person, we get \$51,590 of wedding catering business that the area would not have gotten.

In addition, we can assume at least 80% of these 938 people would be from out-of-town. We can further assume they would spend at least two days in town. If we use the same \$352/day from above, we get an additional **\$528,282** per year in economic benefit to the area from the new clubhouse. The City would likely get another 2% in taxes, or \$10,565. This gives us a total benefit of **\$538,848**.

## Combined

When we combine the benefits from the Golf Operation and the Clubhouse, we get **\$1,024,119/year** in Direct Benefit to the City, plus another **\$2,236,767** in area economic benefit, for a total of **\$3,260,886** for just the one year (2019). *This impact can be expected to grow by at least 3% per year over the next ten years.*

	Direct	Indirect	Total
<b>Golf</b>	\$409,873	\$1,697,920	<b>\$2,107,793</b>
<b>Clubhouse</b>	\$614,246	\$538,847	<b>\$1,153,093</b>
<b>Total</b>	<b>\$1,024,119</b>	<b>\$2,236,767</b>	<b>\$3,260,886</b>

In other words, *the economic benefit will pay for the total project cost in a little more than three years once the project is complete.* Even the direct benefit to the City would pay for the cost over the 10 years following the reopening.

This does NOT include the added 18.5 FTE employees to the area. Nor does it include the impact the new facility will have on recruiting new businesses and residents to the area.

## Discussion

There is no doubt that the City cannot afford to do nothing about Enger. To do so could easily lead to the loss of this valuable asset to the City and especially to its resident golfers. Moreover, the need is urgent. Each year the project is delayed is likely to cost the City at least \$200,000, an amount that will increase by 10% or more each year in terms of added losses and inflation on the costs of improvements.

The main issue, then, is whether the City should simply restore the course to its original condition, or spend 15% more and upgrade the facility. Our analysis clearly shows that the *Resort Option will provide the best chance for a positive cash-flow from the golf course*. Indeed, we show that the Resort Option will result in a positive cash flow in the first full year of operation after renovation. *Neither the Status Quo or Standard models project to have a positive cash flow at any time through the year 2024.*

In addition, we estimate a combined economic benefit to the area of \$3,260,886 per year by 2019, with the proposed renovations. This equates to nearly a 33% return on investment *per year*. There are not many investments of any kind that can provide that strong a return.

## Lester Park

In our business plan, we are recommending that Lester Park be leased to a third party on a long-term basis. As part of this lease, the operator would be responsible for *and required to* make the capital improvements recommended in the NGF study, including new irrigation, fixing the drainage, rebuilding the greens and renovating the clubhouse. However, these improvements are not as urgent at Lester as they are at Enger and could easily be done over the next five years without adversely affecting performance.

Indeed, because nine holes will be closed at Enger from 2015 through 2017 for the renovation, *we would recommend that Lester Park's golf course not be renovated until after 2017*. (The clubhouse can certainly be fixed at any time, and the earlier the better).

Moreover, with the closing of nine holes of golf at Enger for this three year period, we can anticipate *improved performance at Lester during this time*.

We are projecting a reduction of 7,500 rounds at Enger with the closing of nine holes. Based on our national experience, we can expect 1/3<sup>rd</sup> of these rounds will go to Lester, 1/3<sup>rd</sup> will go to other area courses and 1/3<sup>rd</sup> simply will not be played.

These 2,500 additional rounds at Lester should produce an additional \$66,000 in revenue, which will certainly help with its bottom line as almost all of this is pure profit.

## Enterprise Fund

The Golf Fund for the City of Duluth is close to \$1.5 million in the red. Under the Resort model, this figure is likely to double before the cash flow turns positive. This creates an enormous burden on the Golf fund.

One of the biggest problems with a negative fund balance is the fact few municipalities are willing to spend additional capital improvement funds until the fund balance is positive. This is one of the reasons we believe the City's golf operation is in the problem it now faces.

Nationally, municipalities were eager to put golf operations into an Enterprise fund when they built the courses. It made good sense back then because up until 2000, golf courses were almost all making profits. Thus, with an Enterprise Fund, these profits could be used to fund future capital improvements.

However, the temptation to remove these profits to fund other projects often proved too great, so municipalities would charge the Enterprise Fund an annual fee to cover “City Overhead.” In many cases the amounts charged had little correlation to the benefits of these services actually received by the golf course. This had the effect of reducing the cushion needed to fund the large capital improvements.

By the turn of the century, though, the golf world had changed dramatically. While the demand for new golf courses was strong almost everywhere through the 1990’s, a golf course construction boom adding nearly 400 (or more) new courses to the market each year soon reversed this trend. By year 2000, many markets had become saturated or worse.

A poor economy created more problems for the golf industry and further reduced per course demand, especially on a per course basis. In addition, banks are very reluctant to loan money to golf courses, either for purchase or renovations.

These factors have combined to create a situation where today, over a 100 courses a year are closing. Municipalities have been particularly hard hit because they have less flexibility than privately owned courses in facing a highly competitive environment.

As a result, we are seeing two strong trends with municipal golf courses. First, we are seeing more and more of them privatizing to various degrees. Especially popular are hybrid types of contracts that function like a combination of lease and management contract.

The second trend we are seeing is municipalities removing the golf courses from an enterprise fund and putting them into the General Fund. In this regard, they are being treated like other recreational amenities such as pools, parks and tennis courts.

We would encourage Duluth to consider both of these options. However, the danger of placing the golf course in the General Fund comes from providing for future capital improvements. Now, instead of having a reserve fund available for such improvements, they become more susceptible to the political process.

Another option we would encourage the City to pursue, would be for the General Fund to simply “forgive” the cumulative debt once the course reopens and is in a position to once again build up a reserve fund.

## Management

The type of management contract that has worked best for municipalities is one where the operator and the municipality share both the risk and the reward. That is, the operator is responsible for a large portion (if not all) of the operating expenses in exchange for a proportionate amount of the revenue. In this manner the operator has strong incentives to improve the performance of the operation.

This is not the case with the current management contract. The operator receives the same compensation whether the City makes \$1 million off the golf operation or loses \$1 million. Thus, there is little incentive to perform, especially when their performance is loosely monitored.

Unfortunately, such a contract is usually not possible if tax-free bond money is used in funding the capital expenses. For this reason, the City should consider carefully the type of bonds used. It has been our experience that taxable bonds can be used almost as easily as tax-free.

However, even if tax free money is used, it is possible to have a contract that contains at least *some* incentive. Sadly, the incentive can only be tied to revenue rather than *profitability*. Further, we understand that it can make up only 25% of the total compensation. But some incentive is better than none.

## Hybrid Contract

If taxable bonds are used, we recommend a hybrid management contract. This is one that mimics a lease, but has a lot of the protections of a management contract.

With a straight lease, the operator is usually going to require a longer term. Further, there is a tendency with municipalities that once the lease is signed, they tend to “forget” about the golf course until the lease is ready to expire. But if the operator has decided they are not wanting to retain the lease, they are likely to want to maximize their profits in the last year. Thus, they will eliminate all long-term maintenance and reduced services. As a result, the City may inherit a golf course that is in very poor condition and whose performance is in steep decline.

A hybrid contract, though, is typically for a shorter term – three to five years. In it, the operator is responsible for *all* operating expenses (but not capital improvements). In exchange, they get almost all of the revenue (typically 95-97%) until the theoretical “break-even” point (established by budget). At that time, the compensation formula shifts to where the City gets a larger share (such as 40%).

Revenue, in these contracts, should be defined as “Net Revenue”, meaning the gross revenue less the cost-of-sales. Otherwise, the operator loses the incentive to sell merchandise or even maximize the food and beverage operation.

The obvious advantage of such a contract to the City is that it guarantees the City will not lose money as it has no operating costs associated with the facility. The “carrot” to the operator is there is no cap as to how much they can make. The better the club performs, the more money they make.

We also recommend adding “a stick” to the contract that further protects the City. This is a clause where the City has the right to review the operations periodically. If it finds issues with the operations, there is a stated time limit that the operator has to resolve the problems. If it fails to do so, the revenue sharing formula is adjusted so that the operator receives a smaller portion of the revenue until the issue is fully resolved.

## Management Only Contracts

The current contract the City has with the operator is a “management only” contract. While the operator pays for the expenses in operating the facility, they are reimbursed for these expenses. So the operator is guaranteed a profit, regardless of the performance.

As noted above, the current contract provides no incentive for the operator to perform. It also is structured so that the amount includes the presumed cost of six full-time positions, regardless of the actual cost for these positions. Thus, the operator is incentivized to get the cheapest possible placements in these positions as it means more money in their pocket. And because there is no consequence for poor performance, there is little to no risk in doing so.

Should a management only contract be required in order to use tax-free bonds, than we would recommend:

- The contract should provide a modest base amount plus an incentive to increase revenue.
  - We recommend a base of \$45,000 plus 15% of the gross profit (revenues less cost of sales) above a set goal. This goal would vary depending on budget, which would take into consideration how many holes are open for play and whether the new clubhouse is open. For example, using our projections, we would set the goal at \$1.15 million in 2014, \$940,000 in 2015, \$1.3 million in 2016, etc.
- We would include the same “stick” as mentioned above for the hybrid. The City would have the right to periodically review. However, since there is not revenue split, the punishment for not resolving issues could be a “fine” and possible cancellation of the contract.

We would recommend that the performance reviews mentioned with either type of contract needs to be conducted by someone who has actual golf course management experience to be valid. Thus it should be done by either qualified City personnel who have golf course experience or a third party golf course consulting company. Otherwise, the City could be in a situation where the reviewer is insisting on changes that may make performance worse, not better. We would recommend AGAINST using a citizen committee as these are often very self-serving and will frequently want changes that help them as individuals (such as lower senior rates) rather than doing what is best for the operation as a whole. However, we would encourage using surveys, such as the one we used for this study, as one possible measure.

## Other

### Rebranding

To maximize the potential of the Resort model, in our opinion, will require that the facility is **rebranded** when the renovations are complete. By this we mean that the facility dramatically alters its perception among golfers.

This is essential because of the current perception of the facility. As noted, the facility has a very poor perception as to the quality of the product, particularly with regards to course conditions. Visitors to the area basically ignore it as they perceive it to be a “low-end” municipal course, which is not what golfers want to play when they travel.

To make the rebranding successful requires several important steps:

- **Name:** Understandably the City may be reluctant to give up the “Enger Park” part of the name. However, this can still be preserved by giving the course a new name. In this report, we have referred to the renovated 18-hole course as the “Brauer Course at Enger Park.” Then the City would promote the COURSE name rather than the facility name.
- **Logo:** Rebranding will also require a new logo incorporating the new course name. The “Duluth Golf” logo can still be used to represent the system. We do strongly recommend the new logo be professionally designed. It should be catchy yet simple and easy to identify when reproduced in miniature form (such as on golf balls) as well as look good on shirts, caps, etc.
- **Public Relations:** The new opening and the rebranding should be the subject of a massive public relations push that should not just focus on local media, but statewide and regional media as well as we want to reach the traveling golfer.

- **Marketing:** Marketing will need to be ramped up dramatically, especially in the first year of the opening. In fact, we would begin the marketing campaign a year earlier with teaser ads and billboards so you reach the golfers who are visiting the area the year *before* the course opens so they can plan ahead for the next year and bring their clubs.

## Practice Facility

The practice facility is often overlooked when people consider renovations. However, it can play a key role in a facility's future, which is especially true at Enger.

We see the practice facility as not only a great opportunity for revenue enhancement, but it can play an important role in providing for Enger's future by training a new generation of golfers.

We would encourage the City to invest in the practice facility – making it consistent in quality to the Brauer Course, including a good short game area, chipping green and practice bunker.

This should be part of a comprehensive training program for new golfers, and not just juniors. Programs should also be developed for adult, including packages that include clinics, lessons, inexpensive clubs, use of the practice facility and reduced green fees at specified times. When the Brauer course opens in 2018, the League course will become an ideal course for beginners to sharpen their skills

### Lighting the range

One option that should pay for itself in just a few years, is lighting the range. As we mentioned earlier in this report, lighting the range is likely to cost around \$100,000. However, it should lead to about a 25% increase in usage. Moreover, it can bring golfers to the facility who otherwise would not come as it will be the only lighted range in the area. This exposure will lead to more rounds, as well as increased use of the clubhouse facilities.

### Heated stalls

Another investment that should pay for itself in relatively short time, is adding a number of covered and heated stalls. This will allow usage of the facility during inclement weather, which should significantly increase revenue (we would estimate 10%). We would further include one enclosed stall that can be outfitted with video equipment to be used as a teaching center.

These improvements will make Enger Park the preeminent practice facility in the region. As such, it will increase the usage of the entire facility, including the course, food & beverage and merchandise sales.

## *Appendices*

- Appendix A: Duluth Golf Survey Results
- Appendix B: Copy of the Survey

## Appendix A: Duluth Survey Results

Sirius Golf Advisors was hired by the City of Duluth (“City”) to administer a course survey to the golfers at Lester Park Golf Course (Lester) and Enger Park Golf Course (Enger). The survey used is one created by the National Golf Foundation (NGF) and was identical to the one used by NGF in their 2011 study for the City. Each course had its own survey. A sample of the survey can be found in Appendix B.

This survey is internet based, but paper and pencil versions were supplied to each golf course so customers without internet could complete them. We provided the links to the internet website for the survey to the City on July xx. Paper surveys were apparently placed at the clubs shortly thereafter. Supposedly, the links to the survey were also to be put on the [golfduluth.com](http://golfduluth.com) website. However, when we spot checked the site, we were unable to find the links. Further, the email blast that supposedly went out in July did NOT contain the proper links. As a result, no surveys were completed online. We brought this to the City’s attention on August 8<sup>th</sup> and a new email blast was sent out at that time with the proper links.

The NGF survey is used by hundreds of courses nationwide. As a result, it has the advantage of letting us compare the results from the local survey to the national results and for courses that are priced similar to the Duluth courses. NGF divides courses into three groups based on their green fee: Value, Standard and Premium. Both Duluth courses fall into the “Standard” price band. To the standard survey, we also added some custom questions.

We will examine the current survey results below as well as compare them to the survey results in 2011. For this survey, we had a total of 114 responses for Enger, including 15 paper surveys, and 95 for Lester, with 14 paper surveys. This compares to 196 for Enger in 2011 and 143 for Lester. We attribute the poorer response to the confusion in the survey administration.

It is important to realize that only people who have played the course in the last year were allowed to take the survey. In point of fact, *almost all the surveys were completed by people who play the course the most*. As a result, one would expect the ratings to be higher than they would be if a wider selection of golfers completed the survey.

One concern that came up in examining the results is that the surveys completed by hand for Lester Park showed significantly better ratings than the ones completed online (especially in the ratings on staff). This suggests that there may have been some “editing” by staff (poor surveys not turned in). There were no controls in place to prevent this from happening as the staff collected the surveys. However, at Enger, the paper survey results were similar to the online results, giving us better confidence that no editing occurred there.

Because of the large discrepancy between the online surveys and the ones turned in by the proshop at Lester (e.g. Overall satisfaction – online, 19<sup>th</sup> percentile, proshop 98<sup>th</sup> percentile), I have excluded the manual entry forms from Lester for the satisfaction measures.

## Executive Summary

In general, the survey shows reason for concern at both courses. The overall satisfaction scores at both facilities are very low relative to the national averages for courses in the same price range. In fact, Enger scored *in the bottom 1%*, while Lester was in the bottom 20%.

In comparing the scores from the previous survey, Lester's scores are pretty consistent, but Enger's has fallen significantly. The main cause would appear to be course conditions, which drew the lowest ratings by far. However, the clubhouse remains a large issue at Enger, and, to a slightly lesser extent, Lester.

It would be easy to attribute the decline in ratings at Enger to the flood last summer, which not only damaged the course, but wiped out one of the main water storage areas. Unfortunately, environmental concerns are preventing this lake from being rebuilt. As a result, the irrigation has significantly less capacity, which is contributing to the poorer course conditions.

Yet, the truth is that the ratings in 2011 were not good either. At that time, Enger was in the bottom 20% for both overall and course conditions.

What is alarming to me is that the NGF report contained many recommendations for improving performance and golfer satisfaction for both facilities. Yet, two years later, very few of these recommendations have been implemented. So the continued low ratings are understandable.

Some other notable findings include:

- Pace of play is a concern at both courses, but especially at Enger, where the ratings have dropped significantly since 2011.
- While building a new clubhouse was the main recommendation concerning the clubhouse at both courses, bathrooms and adding banquet space were the two biggest issues.
- Lester Park currently seems to get more play from tourists and out-of-town visitors
- Snack bar satisfaction was basically neutral, which is not good. Selection seems to be the biggest concern.
- Surprisingly, not having alcohol was not a prominent complaint for the Lester respondents.
- Also surprisingly, price was NOT a major complaint. On most course surveys, price is usually one of the biggest concerns and prominent suggestion. This was not the case with either Enger or Lester.
- The vast majority (72% at Enger and 74% at Lester) said they *would be willing to pay more to support course improvements*. And 45% at Enger and 47% at Lester said they would be willing to pay at least \$5 more to support these improvements.
- Staff at Lester get much better feedback than at Enger. Same is true for management.
- While overall course maintenance is the major concern at both courses, bunkers and greens were the most mentioned at Enger. At Lester, greens were by far the most, with bunkers, fairways, teeboxes and rough also being of concern.
- The maintenance crew got positive comments from Lester, but complaints at Enger.

## Overall Satisfaction

The following satisfaction scores are based on a 10-point scale, with "1" being "Extremely unsatisfied" and "10" being "Extremely satisfied".

The overall satisfaction scores for both courses were low in comparison to both the overall national average and the average for courses in the same price band. However, Enger's overall score of 6.4 was significantly lower than Lester's 7.5. Enger's overall score was also significantly lower than the 2011 score (7.7). In fact, *Enger's 6.4 places it in the lower 1% of all Standard courses and lower 2% of ALL courses surveyed*. Lester's 7.5 still places it in the lowest 19% of Standard courses and lowest 18% of all courses. These scores indicate that there is a lot of work to do. We will break down the results by area in the next section.

One result that is consistent throughout is that Enger's scores have fallen sharply since 2011. However, Lester's scores are not significantly different than they were in 2011. As we will see, most of the dissatisfaction with Enger comes from the condition of the course.

	Enger Park		Lester Park	
	2013	2011	2013	2011
Responses	114	196	83	143
Satisfaction Index				
Overall Satisfaction				
Avg Score	6.4	7.7	7.5	7.6
Standard percentile	1	18	19	16
National percentile	2		18	
Compared to Expectations				
Avg Score	6.2	7.3	7.4	7.2
Standard percentile	1	14	28	9
National percentile	2		25	
Compared to Competition				
Avg Score	6.3	7.5	7.4	7.3
Standard percentile	7	46	41	37
National percentile	8		35	
Likelihood to play more				
Avg Score	5.6	6.2	6.	6.3
Standard percentile	0		6	
National percentile	3		10	
Likelihood to recommend				
Avg Score	6.4	7.8	7.7	7.6
Standard percentile	2	24	32	15
National percentile	5		30	

Another important question asks whether the quality of the experience meets with the expectation of the experience *based on the price paid*. Again, both facilities scored poorly. Enger's 6.2 is much lower than Lester's 7.4 and its own 7.3 scored in 2011. The 6.2 placed Enger in the bottom 1% for Standard facilities while Lester scored in the bottom 28%.

The next measure asks how the experience at the facility compares to the competition. The results were similar. Enger scored 6.3, which puts it in the 7<sup>th</sup> percentile for Standard facilities and 8<sup>th</sup> for all courses. Lester's 7.4 is much better as it is in the 41<sup>st</sup> percentile (close to average) for Standard facilities.

We asked about the likelihood of playing more rounds at the facility. And while the scores were very low (Enger at 5.6, putting it at the bottom of the Standard averages, while Lester is at 6.0 or the 6<sup>th</sup> percentile), the score is misleading. This is a result of the sample bias where the respondents were mostly *already* very heavy users of the club. As a result, they are likely already playing as many rounds as they can at the club.

The final factor in this section is the "Likelihood to Recommend" the facility. The scores are similar. Enger scored 6.4, placing it at the 2<sup>nd</sup> percentile of Standard facilities, while Lester's 7.7 was at the 32<sup>nd</sup>.

## Satisfaction Factors

The Satisfaction factors are those scales that typically most influence the overall satisfaction with the facility. NGF measured five factors: 1. Overall Value; 2. Overall Course Conditions; 3. Pace of Play; 4. Friendliness of Staff; and 5. Course Design/Layout. By examining these scores, we can learn a bit more about the strengths and weaknesses of each facility.

**Overall Value:** For Overall Value, Enger Park came in 6.7, which is the 4<sup>th</sup> percentile for Standard facilities (the bottom 4%). Lester came in at 7.7, or nearly average (40<sup>th</sup> percentile).

**Course Conditions:** Both facilities fared poorly with regards to course conditions. Enger came in at 5.8, which is at the bottom 1% of all courses; Lester's 6.5 is at the 6<sup>th</sup> percentile for Standard courses. Enger's poor current condition can at least partly be blamed on the flood that came through last year, which not only damaged the course, but greatly reduced the water storage capability. The reduced water storage, which is still ongoing, results in less water that is able to be put on the course. However, it is also important to note that Enger's rating in 2011 was 7.3, which is much higher than the current rating, but still only placed it in the 20<sup>th</sup> percentile. Lester's rating has also fallen since 2011, but not as much. It came in at the 6<sup>th</sup> percentile in the current survey, compared to the 11<sup>th</sup> percentile in 2011.

	Enger Park		Lester Park	
	2013	2011	2013	2011
Satisfaction Factors				
Overall Value				
Avg Score	6.7	7.6	7.7	7.6
Standard percentile	4	38	40	39

National percentile	6		41	
Overall Course Conditions				
Avg Score	5.8	7.3	6.5	6.9
Standard percentile	1	20	6	11
National percentile	1		5	
Pace of Play				
Avg Score	6.5	7.2	7.2	7.4
Standard percentile	15	73	57	53
National percentile	11		41	
Friendliness of staff				
Avg Score	8.5	8.3	9.2	9
Standard percentile	58	38	96	86
National percentile	46		93	
Course Design/layout				
Avg Score	8.2	8.5	8.3	8.1
Standard percentile	39	51	45	30
National percentile	34		38	

**Pace of Play:** Enger's rating for pace has fallen from 7.2 in 2011 (73<sup>rd</sup> percentile) to 6.5, which is the 15<sup>th</sup> percentile. Lester has also gotten slower, with a rating of 7.2 (57<sup>th</sup> percentile), down from 7.4 (but a lower percentile – 53<sup>rd</sup>). A busy course, which is what you want, is likely to have a slower pace. But when it falls down to the 15<sup>th</sup> percentile, it would indicate that there is a problem at Enger.

**Friendliness of Staff:** This comes out as a strength for both facilities, but much more so for Lester. Enger rated at 8.5, which is good for the 58<sup>th</sup> percentile of Standard facilities. Lester, though, came in at 9.2, which is in the top 4% of all Standard facilities.

**Course Design/Layout:** Enger averaged 8.2, which places it at the 39<sup>th</sup> percentile. Lester comes in at 8.3, which is at the 45<sup>th</sup> percentile – or average for all Standard facilities.

## Customer Loyalty

The NGF combines various measures to come up with a “Loyalty Index,” which essentially measures how loyal the customer is to the facility. The higher the score, the more likely the person is to continue to play the facility.

The loyalty index score or sometimes referred to as the 'net promoter score' is based on a model developed by Frederick Reichheld, Director Emeritus of Bain & Company, described in the book "The Ultimate Question" and in a December 2003 Harvard Business Review Article "The One Number You Need to Grow." The model was based on the question: "How likely are you to recommend [business name] to a friend or colleague?" The question is on a 0 – 10 point scale where 0 is not at all likely to recommend and 10 is extremely likely to recommend. Customers responding with a 9 – 10 are called promoters, 7's and 8's are called passives and 0's – 6's are called detractors. Subtracting the percentage of promoters minus detractors equals the loyalty index score.

So in a survey sample of 300 responses, let's say there were 100 9s and 10s (33.3%) and 25 0 - 6s (8.3%). Then this course's loyalty index score would be 25%. The higher the score....the better and this model is considered hold one of the best correlations between a survey metric and revenue growth.

Golf Course	Enger Park	Lester Park	All Courses	
	2013	2013	Standard	
Loyalty Index				
Promoters	19.3%	41.0%	43.5%	43.6%
Passives	35.1%	31.3%	39.0%	36.4%
Detractors	45.6%	27.7%	17.5%	20.0%
Loyalty Index	-26.3%	13.3%	26.0%	23.6%

As one would expect based on the satisfaction scores, Enger's patrons are much less loyal than Lester's. However, the score differential is highly revealing. Lester Park scored an Index of 13.3%, which is lower than the 26% average for Standard courses, but at least it is positive. But *Enger's index value was actually negative at -26.3%, indicating a strong disloyalty.*

Even more revealing is the breakdown by type of rater. NGF groups the respondents into three groups based on their overall satisfaction score for the golf course. Naturally, promoters are expected to have the highest loyalty score, while detractors the lowest. But in the case of Enger Park, *the exact opposite is occurring.* The "Promoters" had the lowest score, by far, and the detractors the highest.

## Loyalty Driver

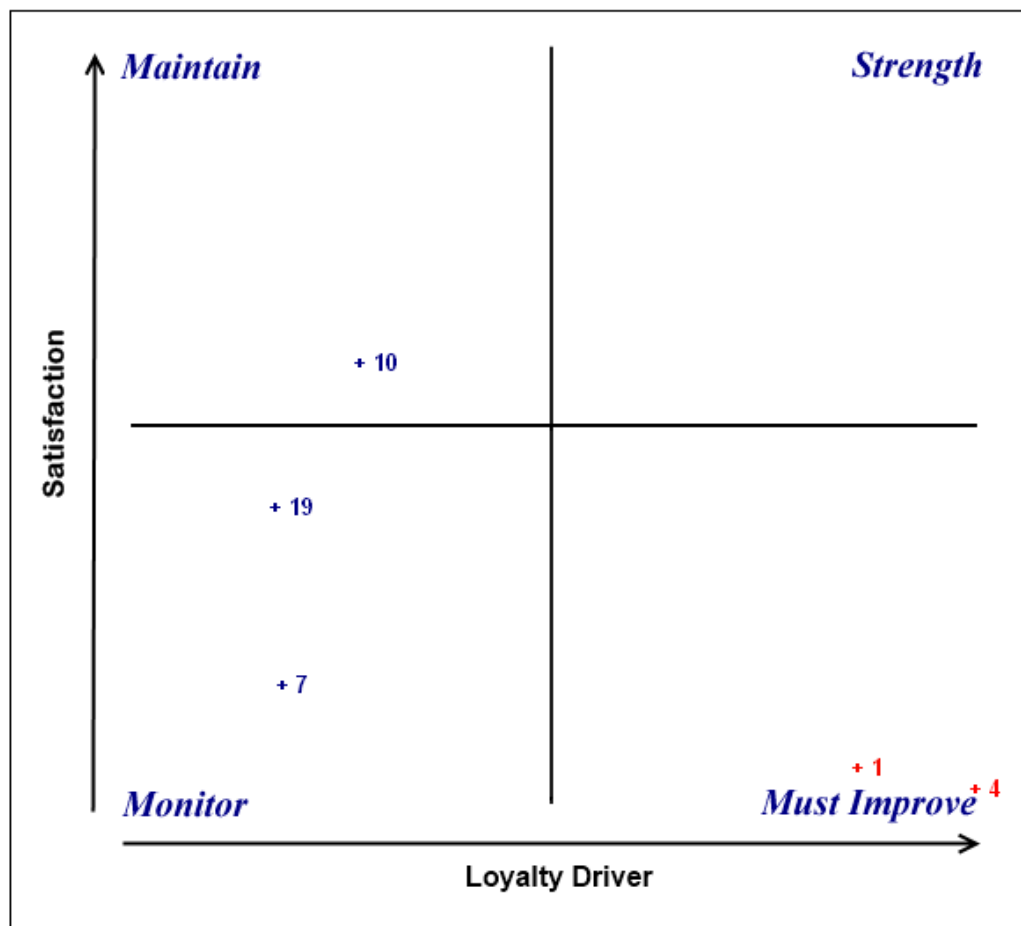
NGF has taken the various satisfaction factors and plots them on a Loyalty Driver graph that shows the relative importance of each factor. It also shows which factors are strengths and what ones must be improved.

Below is the chart for Enger Park.

<b>Factor</b>	<b>Average Score</b> (Scale 1-10)	<b>Standard Percentile</b> <sup>1</sup>	<b>Loyalty Driver</b>
1 Overall value	6.7	4	65
4 Overall course conditions	5.8	1	74
7 Pace of play	6.5	15	24
10 Friendliness/helpfulness of staff	8.5	58	30
19 Golf course design/layout	8.2	39	22

### Loyalty Driver

Responses from 9/8/2012 thru 8/20/2013  
(115 responses)



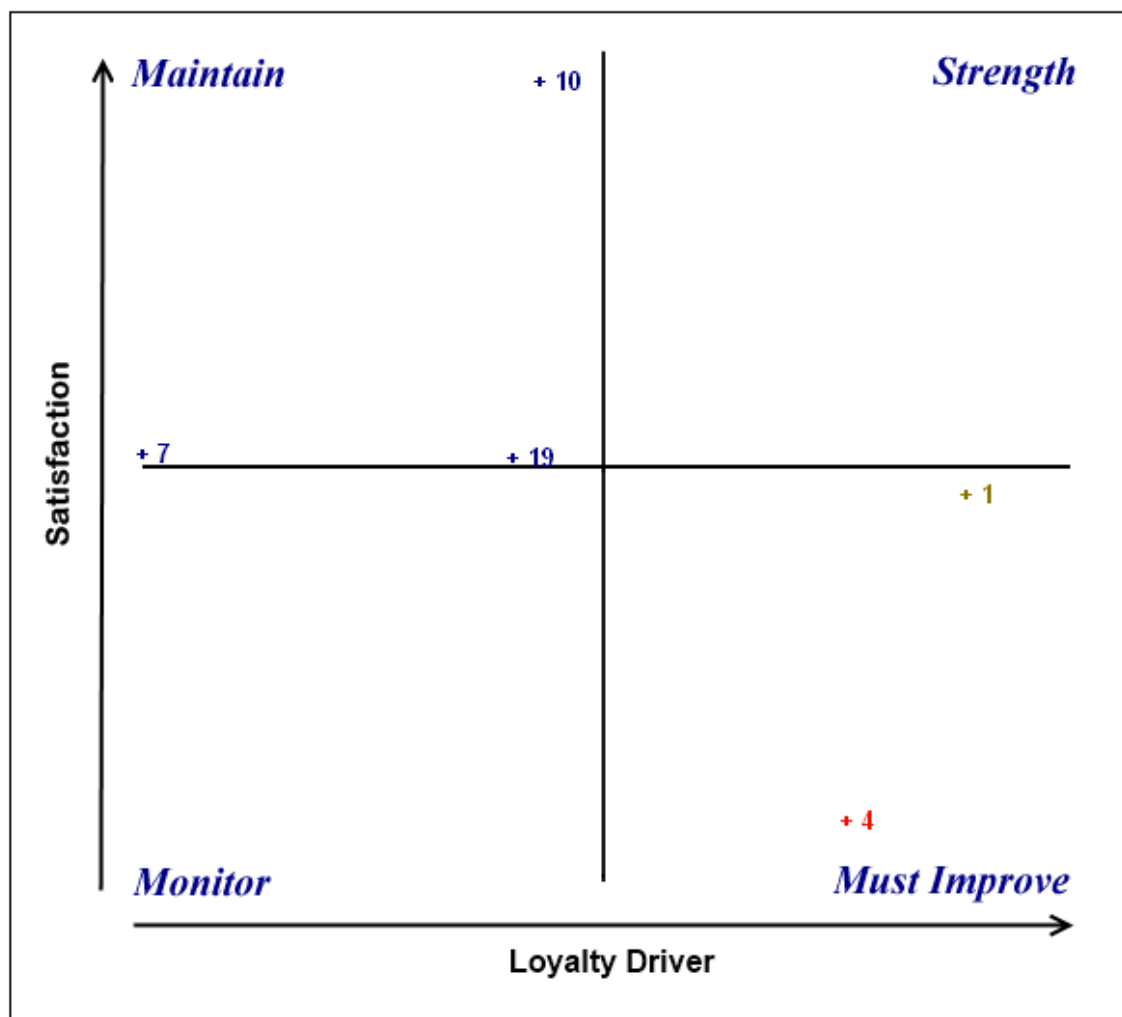
As can be seen, none of the factors show as a strength. Overall Value and Course Conditions show as "Must Improve".

For Lester Park, the results are similar. Again, there are no "strengths" as customer service fails to rate high enough in importance, while there are two definite Must Improves, course conditions and value.

<b>Factor</b>	<b>Average Score</b> (Scale 1-10)	<b>Standard Percentile <sup>1</sup></b>	<b><u>Loyalty Driver</u></b>
1 Overall value	7.8	46	72
4 Overall course conditions	6.6	7	65
7 Pace of play	7.1	51	22
10 Friendliness/helpfulness of staff	9.2	97	47
19 Golf course design/layout	8.4	51	45

**Loyalty Driver**

Responses from 9/13/2012 thru 8/20/2013  
(96 responses)



## Referrals

Referrals can either be positive or negative. However, we find that golfers in these surveys are much more reluctant to make negative referrals. This can be partially attributed to the fact that the survey is biased to players who regularly play the facility, so they are the ones who *like* it the most.

	Enger Park		Lester Park	
	2013	2011	2013	2011
Customer Referrals				
Customers making positive referral	56%	78%	81%	81%
Avg Number made	5.2	4.6		4.9
Customer making negative referral	16%	10%	12%	7%
Avg Number made	4.7	0.032		3.2

Again, Lester outperformed Enger. 56% of the Enger survey takers made a positive referral, with an average of 5.2 referrals each. This compares to the 2011 average of 78%. Meanwhile, 81% of the Lester survey takers made positive referrals, with an average of 4.9 each. This is an identical percentage to 2011.

On the other hand, 16% of Enger's and 12% of Lester's respondents made negative referrals. This is an increase in percentage for both facilities since 2011.

## Competition

Not surprisingly, the biggest competitor for Enger is Lester (54% of the respondents for Enger say they also play Lester), and the biggest competitor for Lester is Enger (62%). Notably, though, is that Nemadji rated as the 2<sup>nd</sup> biggest competitor for both facilities. However, it is important to note that *only public courses were included in the questionnaire*. Thus Northland and Ridgeview, among other private clubs were not listed.

	Enger Park	Lester Park
	2013	2013
Competition		
Enger		62%
Lester	54%	
Nemadji	47%	48%

Hidden Greens n	16%	19%
Grandview	14%	12%
Black Bear Golf Course	11%	23%
Black Bear Golf Club	9%	
Proctor	9%	4%
Pike Lake	8%	3%
Superior National	5%	11%
Lakeview National	4%	6%
Retreat	3%	1%
Poplar	3%	5%
Big Lake	2%	2%
Eveleth	2%	2%
Pine Hill	1%	
Norwood	1%	
Pattison parks	2%	1%
Giants Ridge		14%
Silver Bay		5%
Hoyt Lakes		1%
Moose Lake		1%
29 Pines		1%

Another notable finding is that Lester had more resort courses as competitors (Black Bear, Superior National, Giants Ridge) than Enger. Combined, these three courses had 16% mentions for Enger, compared to 43% at Lester. One possible explanation is that there are more non-area golfers who play Lester... or at least completed the survey. This was shown to be true in the survey.

## Customer Origin

The table below shows the zip codes for the respondents. As you can see, the vast majority are from the Duluth/Superior area.

Customer Origin	Enger	Lester
-----------------	-------	--------

54880	Superior	1.8%	
55733	Thompson	2.6%	2.1%
55802	Duluth	1.8%	
55803	Duluth	16.7%	30.5%
55804	Duluth	7.9%	27.4%
55805	Duluth	1.8%	2.1%
55806	Duluth	7.0%	2.1%
55807	Duluth	0.9%	2.1%
55808	Duluth	1.8%	1.1%
55810	Duluth	3.5%	1.1%
55811	Duluth	46.5%	16.8%
55812	Duluth	4.4%	3.2%
55616	Two Harbors		1.1%
33455	Florida	0.9%	
34114	Florida	0.9%	
55123	Eagan (MSP)	0.9%	1.1%
	Metro	96.4%	90.1%
	Out of State	2.7%	5.5%
	MSP	0.9%	4.4%

As you can see, the vast majority are from the Duluth/Superior area. However, 3.6% of the Enger respondents and 9.9% of the Lester ones are from out of the area. Lester had 4.4% from Minneapolis/St. Paul and 5.5% from out-of-state. This may explain why the resort courses had more play from the Lester respondents.

As might be expected, geography is a large factor in determining which course to play. 63.2% of the Enger respondents live in zip codes 55811 and 55803, compared to 47.3% for Lester. However 27.4% of Lester's comes from 55804 compared to 7.9% for Enger.

## Customer Profile

Next we looked at the results by customer demographics and profile information. Included were estimates on the average annual golf spending and the percentage of wallet share. Wallet share means the percentage of rounds that golfer plays at the target facility.

Overall, Enger had a satisfaction rating of 6.4. Customers spent an average of \$1,258/year and the average wallet share was 65.6%. For Lester, the average rating was 7.7, with annual spending of \$1,880 and a wallet share of 67%.

## Rounds Played

The following table breaks the results down by number of rounds played at the subject course. Overall, as might be expected, the golfers who play the most, spent the most, had the highest rating and averaged the highest wallet share. However, the difference in the rating between the groups for both courses is not significant.

	Enger Park	Lester Park
2013	2013	2013

### Customer Profile

Overall

114

95

Rounds played		Satisfaction	6.40	7.70
		Avg Annual Spend	\$1,258	\$1,880
		Avg Wallet Share	65.6%	67.0%
	<8			
		# Responses	15	14
		% Responses	13%	15%
		Satisfaction	6.40	7.80
		Avg Annual Spend	\$158	\$160
		Avg Wallet Share	27.7%	49.9%
	8-24			
		# Responses	38	22
		% Responses	33%	23%
		Satisfaction	6.00	7.30
		Avg Annual Spend	\$855	\$826
		Avg Wallet Share	56.2%	53.8%
	25-49			
		# Responses	25	31
		% Responses	22%	33%
		Satisfaction	6.40	7.50
		Avg Annual Spend	\$1,598	\$2,237
		Avg Wallet Share	76.6%	70.0%
	50+			
		# Responses	36	28
		% Responses	32%	29%

Satisfaction	6.80	8.10
Avg Annual Spend	\$1,905	\$3,174
Avg Wallet Share	83.8%	82.5%

## By Sex

The vast majority of respondents for both courses were male. Only 11% of the Enger and 15% of the Lester respondents were female. This is below expectation for Minnesota golfers, which has one of the higher female golf participation rates in the county.

For both courses, the women tended to rate the courses a bit higher. However, their spending at Enger was much lower than the men, while at Lester it was higher. There is not much difference between the sexes with regard to wallet share.

When we looked at individual factors, we found that women rated the subject closer better relative to the competition, was a better value, and had better course conditions than the men. However, at Enger, they rated the staff lower, while at Lester they rated the staff better than the men.

	Enger Park 2013	Lester Park 2013
Customer Profile		
By Sex		
Male		
# Responses	101	81
Satisfaction	6.30	7.60
Avg Annual Spend	\$1,337	\$1,740
Avg Wallet Share	65.6%	65.1%
Female		
# Responses	13	14
% Responses	11%	15%

Satisfaction	6.80	8.30
Avg Annual Spend	\$644	\$2,694
Avg Wallet Share	65.9%	77.6%

## By Customer Type

We also asked the respondents to classify themselves. They had seven choices: Local Player, Non Resident, Member, Member of another club, Discount holder, Vacationer, and League Player. They could choose only one.

“Local Player” was the most popular choice for both courses (45% for Enger, 39% for Lester). Member was the second most popular (30% Enger, 34% Lester). This was followed by League Player (12% at Enger, 15% at Lester).

At Enger, non-residents gave the highest score (8.0). But with only two respondents, this is not considered significant. The next highest were the League Players and Members, both at 6.7. The group giving the lowest rating was the Discount Holders (5.7). Locals, with a 6.2 rating, was the second lowest group.

For Lester, the highest satisfaction ratings were given by the vacationers, at 9.3, followed by the Discount Holders (9.0) and League Players (8.4). Locals, members at other clubs and non-residents all gave it a 7.0. (It should be noted these figures include the 12 paper surveys that were excluded in the satisfaction analysis).

	Enger Park	Lester Park
	2013	2013
By Golfer Type		
Local Player		
# Responses	51	37
% Responses	45%	39%
Satisfaction	6.20	7.00
Avg Annual Spend	\$1,232	\$2,230
Avg Wallet Share	59.7%	56.8%
Non Resident		

# Responses	2	3
% Responses	2%	3%
Satisfaction	8.00	7%
Avg Annual Spend	\$108	\$145
Avg Wallet Share	39.3%	66.7%
Member		
# Responses	34	32
% Responses	30%	34%
Satisfaction	6.50	7.80
Avg Annual Spend	\$1,618	\$2,247
Avg Wallet Share	75.6%	77.9%
Member of other club		
# Responses	6	1
% Responses	5%	1%
Satisfaction	6.70	7.00
Avg Annual Spend	\$553	\$399
Avg Wallet Share	45.2%	10.3%
Discount Holder		
# Responses	7	4
% Responses	6%	4%
Satisfaction	5.70	9.00
Avg Annual Spend	\$1,175	\$915
Avg Wallet Share	69.5%	73.7%
Vacationer		
# Responses		4

% Responses	0%	4%
Satisfaction		9.30
Avg Annual Spend		\$176
Avg Wallet Share		78.6%
League only		
# Responses	14	14
% Responses	12%	15%
Satisfaction	6.70	8.40
Avg Annual Spend	\$985	\$1,358
Avg Wallet Share	74.0%	67.7%

## Custom Questions

We asked several questions that were not part of the regular NGF Survey.

### Snack Bar Questions

We added two custom questions for the snack bar. The first was to rate the satisfaction with the selection and the second was to rate the satisfaction with the pricing. Both were five point scales, with 1 being lowest and 5 “very satisfied”.

For the first question, the average score was 3.64 for Enger and 3.97 for Lester. We would consider both to be low ratings, although more typical of a municipal operation. With regards to pricing, Enger came in at 3.65 and Lester at 3.98. Although the pricing is the same at the two courses, the higher satisfaction with the quality leads to a greater satisfaction with the pricing.

		Enger Park	Lester Park
		2013	2013
Rate satisfaction of snack bar selection			
1	Very dissatisfied	3	2
	% Responses	3%	2%
2		9	3
	% Responses	8%	3%

3		36	21
	% Responses	32%	22%
4		43	38
	% Responses	38%	40%
5	very satisfied	22	30
	% Responses	19%	32%
	Avg Score	113.00	94.00

#### Rate satisfaction of snack bar pricing

1	Very dissatisfied	2	1
	% Responses	2%	1%
2		5	5
	% Responses	4%	5%
3		46	22
	% Responses	41%	23%
4		37	33
	% Responses	33%	35%
5	very satisfied	23	33
	% Responses	20%	35%
	Avg Score	113.00	94.00

## Capital Investments

The next two questions dealt with capital improvements. The first asked whether or not the respondent would pay more to help support capital improvements at the course, and if so, how much. The second question asked where the money should be invested.

Somewhat surprisingly, there was not a great difference between the two courses with regards to willingness to pay more to play in order to support the capital improvements. At Enger, 82% said they would pay more to support capital improvements, with 27% willing to spend \$5-\$10 and another 18% saying they would pay “whatever” it took. At Lester, 74% said they would support higher fees for capital improvements. However, only 20% would pay \$5-10 more, but 26% said they would pay “whatever.”

		Enger	Lester
Willing to pay for improvement quality			
\$2-4		31	26
	% Responses	27%	27%
\$5-7		21	13
	% Responses	19%	14%
\$8-10		9	6
	% Responses	8%	6%
0		32	25
	% Responses	28%	26%
Whatever		20	25
	% Responses	18%	26%
Where would you like to see it invested?			
1	Entire course makeover	16	12
	% Responses	14%	14%
2	irrigation/drain	25	19
	% Responses	22%	22%
3	clubhouse only	9	13
	% Responses	8%	15%
4	CH, Irrigation/drain	60	29
	% Responses	53%	33%
5	No invest	3	15
	% Responses	3%	17%

An equal percentage at both courses (14%) said the entire facility should be renovated. Similarly 22% at both courses said the improvements should only be made for irrigation and drainage. Only 8% at Enger and 15% at Lester said only the clubhouse should be improved. The largest response at both facilities was “clubhouse, irrigation and drainage” with 53% at Enger and 33% at Lester.

Only 3% of the respondents at Enger and 17% at Lester said no investment should be made at the course.

## Which course is better?

We asked the golfers which course is better, Enger or Lester. This was on a 9 point scale, with 1 being “definitely Enger” and 9 being “definitely Lester”. Naturally, the Enger golfers thought their course was better, with an average rating of 3.16. Lester golfers felt theirs was better, but not by quite as much, with a rating of 5.68.

## Is Management doing a good job?

We asked whether or not they thought management was doing a good job at the golf courses. This was on a 10 point scale, with 1 being “Definitely NOT” and 10 being “Absolutely YES”.

At Lester, the average rating was 6.35, which is not a good rating and reflects the poor overall satisfaction rating. 14.9% of the respondents gave management a rating of 3 or worse, while 50.9 rated it 8 or better. At Enger, management got significantly better reviews, with an average rating of 8.38 and only 4% giving a rating of 3 or less. In contrast, 75.2% rated management with an 8 or better.

		Enger	Lester
Is management doing a good job?		114	101
1	Definitely NO	5	1
	% Responses	4%	1%
2		6	1
	% Responses	5%	1%
3		6	2
	% Responses	5%	2%
4		1	2
	% Responses	1%	2%
5		14	2
	% Responses	12%	2%
6		11	1
	% Responses	10%	1%
7		13	16
	% Responses	11%	16%
8		21	16
	% Responses	18%	16%

		Enger	Lester
9		19	16
	% Responses	17%	16%
10	Absolutely Yes	18	44
	% Responses	16%	44%
	Average Score	6.35	8.38

## Reasons for not golfing more

The next question asked what are the limiting factors for not playing golf more at the facility. They were given 15 choices. Golfers were able to choose more than one answer.

For both courses, the top answer was “Not enough free time”, with 30% at Enger Park and 33% at Lester. “Too expensive” and “Takes too long” were next at both courses with 12% of the respondents. “Spouse does not play” was also given by 12% of the respondents at Lester, but only 8% at Enger. “Friends don’t play here” was given by 9% at Enger and 10% at Lester. “Physical ailment” was chosen by 5% at Enger, but 9% at Lester.

	Enger Park	Lester Park
Free time	44	30
% Responses	30%	33%
Spouse does not play	12	11
% Responses	8%	12%
Too congested	17	4
% Responses	11%	4%
Not welcome for women	4	
% Responses	3%	0%
Not good for beginners	4	
% Responses	3%	0%
Takes too long	18	11
% Responses	12%	12%
Other activities	6	4

	Enger Park	Lester Park
% Responses	4%	4%
Limited options	1	1
% Responses	1%	1%
Too difficult	0	0
% Responses	0%	0%
Friends	13	9
% Responses	9%	10%
Do not know rules	0	0
	0%	0%
Physical ailment	8	8
	5%	9%
Can't take kids	3	0
	2%	0%
Too expensive	18	11
	12%	12%
Equip too expensive	1	1
	1%	1%

## Areas of Interest

The last custom question dealt with what activities or areas of interest they had at the subject facility. Again, the respondent could choose more than one answer. There were seven choices: League Play, MGA/LGA (golf associations), tournaments, clinics, private lessons, junior programs and hosting outing.

The highest response at both courses was league play, with 32% at Enger and 29% at Lester. Next most popular was “tournaments” with 21% at Enger and 24% at Lester. Private Lessons was next at Enger, with 15%, and Clinics with 9%. At Lester, MGA/LGA membership was next with 19%, followed by Clinics with 11% and private lessons at 10%.

	Enger Park	Lester Park
League play	53	40
% Responses	32%	29%

MGA/LGA	15	26
% Responses	9%	19%
Tournaments	35	34
% Responses	21%	24%
Clinics	20	15
% Responses	12%	11%
Private lessons	25	14
% Responses	15%	10%
Junior Programs	7	7
% Responses	4%	5%
Hosting outing	9	4
% Responses	5%	3%

## Free Form Responses

The next series of questions are ones where the respondent was able to provide free form responses. The length of the response was not limited. We have taken these responses and categorized them in order to provide better analysis. The percentages given in the % Resp column refers to the percentage of comments for that question. Since the answers were free form, respondents could (and usually did) give multiple answers.

We also grouped the answers together into logical groups to give a better understanding. This is important because some comments were general (e.g. “improve maintenance”), while others were more specific (e.g. “get rid of the rocks in the bunkers.”)

It is important to note that not all the respondents provided answers to some of these questions.

## Liked Most

The golfers were asked to describe what they liked most about the facility. There were a total of 185 comments from the Enger survey and 157 for Lester.

For both courses, the layout/design category drew the most responses, with 49.2% of the comments at Enger and 33.8% at Lester. Next highest for Enger was “location” with 17.8%, and staff at 15.1%. For Lester, staff was next at 29.9%, followed by course maintenance with 10.2%.

As far as specific answers, the most popular at Enger was “Location” at 17.8%, followed by aesthetics (15.7%), Layout (11.9%), challenge (9.7%), general comment about the staff (8.6%), staff friendliness (5.4%) and teetime availability (4.9%). For Lester, the general comment about staff was most popular at 16.6%, followed by aesthetics (13.4%), staff friendliness (8.9%), layout (7.6%), social (friends) at 5.7%

and tee time availability at 4.5%. It should be noted that teetime availability is not necessarily a good thing, because it indicates that the course is not busy. It is also not a good thing that the location is the primary “good” thing about a course.

It is also somewhat surprising that Enger drew a higher percentage of positive comments about the aesthetics than Lester, although from our perspective Lester has the superior site with far more and better views of the lake.

	Enger Park		Lester Park	
	2013	% Resp	2013	% Resp
Liked Most	185		157	
Design	91	49.2%	53	33.8%
General/layout	22	11.9%	12	7.6%
Aesthetics/terrain	29	15.7%	21	13.4%
Tight fairways	1	0.5%		0.0%
Variety of holes	4	2.2%	1	0.6%
27 holes	4	2.2%		0.0%
Length		0.0%	1	0.6%
Greens	1	0.5%	1	0.6%
Challenge	18	9.7%	5	3.2%
Fun to play	3	1.6%		0.0%
Walkable	1	0.5%	1	0.6%
Character	1	0.5%		0.0%
Hills	4	2.2%	2	1.3%
No houses	1	0.5%		0.0%
Middle Nine	2	1.1%		0.0%
Lakes course		0.0%	8	5.1%
female friendly		0.0%	1	0.6%
Variety		0.0%	2	1.3%
Location	33	17.8%	5	3.2%
Maintenance	8	4.3%	16	10.2%

	Enger Park		Lester Park	
	2013	% Resp	2013	% Resp
Overall	3	1.6%	5	3.2%
Greens	3	1.6%	8	5.1%
Fairways	1	0.5%	1	0.6%
Traps	1	0.5%		0.0%
staff		0.0%	2	1.3%
Management		0.0%		0.0%
Overall		0.0%	2	1.3%
		0.0%		0.0%
Staff	28	15.1%	47	29.9%
General	16	8.6%	26	16.6%
Friendliness	10	5.4%	14	8.9%
Helpfulness	1	0.5%		0.0%
Morning staff	1	0.5%		0.0%
Remember your name		0.0%	1	0.6%
Superintendent		0.0%		0.0%
Head Pro		0.0%	6	3.8%
Range		0.0%		0.0%
Overall	1	0.5%		0.0%
Clubhouse		0.0%		0.0%
General		0.0%		0.0%
Food & Beverage		0.0%		0.0%
General		0.0%		0.0%
Price/Value		0.0%		0.0%
General	3	1.6%	2	1.3%
Pace of Play		0.0%	3	1.9%

	Enger Park		Lester Park	
	2013	% Resp	2013	% Resp
Tee Time availability	9	4.9%	7	4.5%
Leagues		0.0%		0.0%
General		0.0%	1	0.6%
"NOTHING"		0.0%		0.0%
Allow fivesomes		0.0%	1	0.6%
Other		0.0%		0.0%
merchandise selection		0.0%	1	0.6%
Good workout walking	1	0.5%		0.0%
Jr Program		0.0%	1	0.6%
Atmosphere	2	1.1%	1	0.6%
Social	7	3.8%	9	5.7%
Grew up playing here	1	0.5%	2	1.3%
Wildlife	1	0.5%	2	1.3%
red caps		0.0%	1	0.6%
men's club		0.0%	1	0.6%

## Needing Improvement

This is possibly the single most important question in the entire survey. It asks the respondents what they feel needs improving. Notably, there were 211 comments for Enger, compared to only 127 for Lester.

As might be expected, given the satisfaction ratings, course maintenance was the area receiving the most comments at both courses. Maintenance issues were 64.9% of the comments at Enger and 54.3% at Lester. At Enger, comments about the clubhouse were the next most frequently mentioned category, with 13.3% of the comments. At Lester, amenities/services was next at 15%.

At Enger, the specific items receiving the most mention were: Bunkers (18%), Greens (14.2%), clubhouse in general (11.4%), and course maintenance in general (9.0%). No other specific item received more than 4% of the comments.

At Lester, greens was the most popular item, with 12% of the comments. It was followed by tee boxes (7.9%), general course maintenance, fairways and bunkers (all with 7.1%), and general clubhouse (5.5%). No other specific comment received over 5% of the comments.

What is surprising is what is missing from these lists. It is my experience that the areas that are most often complained about are price and pace of play. Yet price was mentioned by only 6.2% of the comments at Enger and 4.7% at Lester. Within the price group, only 3.3% of the comments were about the overall price structure at Enger and 1.6% at Lester. This *strongly suggests that price is not a major problem at either course.*

Strangely, though, pace was only mentioned by 14% of the comments at Enger and 9.7% at Lester. This is surprising because the satisfaction ratings for Pace was low at both courses.

One possible explanation is that while the golfers may or may not be dissatisfied with price and pace, they are definitely very concerned about these other issues, particularly the course maintenance. And they did not want to write long answers.

	Enger Park		Lester Park	
	2013	% Resp	2013	% Resp
Needing Improvement	211		127	
"NOTHING"	1	0.5%	3	2.4%
Amenities	11	5.2%	19	15.0%
Need drinking water on course	4	1.9%	1	0.8%
Rest rooms on course	1	0.5%	1	0.8%
Add length		0.0%	1	0.8%
New forward tees	1	0.5%	4	3.1%
Shorter senior tees	2	0.9%	3	2.4%
better layout		0.0%	1	0.8%
tee location	1	0.5%		0.0%
Fewer traps	1	0.5%		0.0%
Change back 9 - 2 par 3s and 2 par 5s	1	0.5%		0.0%
#1 green		0.0%	4	3.1%
14 green		0.0%	3	2.4%
Rebuild 4 & 7 fairways Lake		0.0%	1	0.8%
Maintenance	137	64.9%	69	54.3%
General	19	9.0%	9	7.1%
Better sand in bunkers	2	0.9%	3	2.4%

		Enger Park		Lester Park	
		2013	% Resp	2013	% Resp
Needing Improvement		211		127	
	Watering /irrigation	5	2.4%	2	1.6%
	Faster greens		0.0%	1	0.8%
	Greens	30	14.2%	16	12.6%
	Roll greens	1	0.5%		0.0%
	Fairways	19	9.0%	9	7.1%
	Bunkers	38	18.0%	9	7.1%
	Drainage	5	2.4%	2	1.6%
6	Pin placements	2	0.9%		0.0%
	Driving Range	3	1.4%	1	0.8%
	Tee boxes	3	1.4%	10	7.9%
	Rough	1	0.5%	1	0.8%
	Fewer weeds	1	0.5%		0.0%
	Less rocks	2	0.9%		0.0%
	Staff courtesy	1	0.5%		0.0%
	Mow in reverse order	1	0.5%	1	0.8%
	add containers for broken tees	1	0.5%	1	0.8%
	replace trees	2	0.9%	1	0.8%
	trim trees		0.0%	1	0.8%
	Maint. Management	1	0.5%		0.0%
	Better landscaping/flowers		0.0%	1	0.8%
	Repaint yardage markers		0.0%	1	0.8%
	Clubhouse	28	13.3%	7	5.5%
	General/design	24	11.4%	7	5.5%
	Kitchen	1	0.5%		0.0%

	Enger Park		Lester Park	
	2013	% Resp	2013	% Resp
Needing Improvement	211		127	
restrooms	3	1.4%		0.0%
Cart Paths		0.0%		0.0%
Cart paths general	4	1.9%	4	3.1%
Pace of Play	4	1.9%	3	2.4%
General	2	0.9%	2	1.6%
Add marshals	1	0.5%		0.0%
Cut rough		0.0%	1	0.8%
Pair up singles/doubles	1	0.5%		0.0%
Food & Beverage	4	1.9%	6	4.7%
Customer service		0.0%	1	0.8%
Healthier items	1	0.5%		0.0%
More selection	1	0.5%		0.0%
More beverage cart service	2	0.9%	2	1.6%
outside eating		0.0%	1	0.8%
serve alcohol		0.0%	2	1.6%
Leagues		0.0%		0.0%
Size		0.0%		0.0%
Merchandise	2	0.9%	0	0.0%
Better women's selection	1	0.5%		0.0%
Better size selection	1	0.5%		0.0%
		0.0%		0.0%
Staff/customer service	5	2.4%	2	1.6%
General	1	0.5%	2	1.6%
Course management	1	0.5%		0.0%

	Enger Park		Lester Park	
	2013	% Resp	2013	% Resp
Needing Improvement	211		127	
Treatment of women	1	0.5%		0.0%
starters/rangers	2	0.9%		0.0%
Carts		0.0%		0.0%
General		0.0%		0.0%
Make electric	1	0.5%		0.0%
Price/Value	13	6.2%	6	4.7%
General	7	3.3%	2	1.6%
Seasonal rates	1	0.5%		0.0%
Golf carts	2	0.9%	1	0.8%
Better twilight rates		0.0%	1	0.8%
add range pass		0.0%	1	0.8%
Add specials	3	1.4%	1	0.8%
Practice Area	0	0.0%	2	1.6%
Add chipping/short game		0.0%	1	0.8%
Add practice trap		0.0%	1	0.8%
Teetimes		0.0%		0.0%
Manage better	1	0.5%	1	0.8%
Other		0.0%		0.0%
make lake 9 part of rotation		0.0%	2	1.6%
improve parking lot		0.0%	1	0.8%
less busy on weekends		0.0%	1	0.8%
Move tee markers daily		0.0%	1	0.8%

## What can we do to enhance your golf experience?

This question is very similar to the previous one. As a result, the answers are very similar, although fewer in number. There were only 129 comments for Enger and 103 for Lester.

There are only a few things that are different about this question. For one, at Lester, one of the more popular answers (11.7%) was “nothing”. But only 1.6% of the comments at Enger were that. Price was also more frequently mentioned at both courses, with 10.1% at Enger and 6.8% at Lester. Similarly, Pace was mentioned by 14% of the comments at Enger and 9.7% at Lester.

Course conditions/maintenance was still the overriding issue at both courses, with 55.8% of the comments at Enger and 47.6% at Lester. Specifically, at Enger, Bunkers were mentioned by 17.8% and greens by 10.1% of the comments. At Lester, Greens was mentioned by 7.8%, followed by bunkers and rough at 5.8%. Fairways and teeboxes with 3.9% each, were also frequently mentioned.

	Enger Park		Lester Park	
	2013	% Resp	2013	% Resp
What can we do to enhance your experience?	129		103	
nothing	2	1.6%	12	11.7%
Amenities	2	1.6%	0	0.0%
Need drinking water on course/fix fountains	2	1.6%		0.0%
Rest rooms on course		0.0%		0.0%
Design	4	3.1%	2	1.9%
Complete remodel	1	0.8%		0.0%
New forward tees		0.0%	1	1.0%
Shorter senior tees	1	0.8%	1	1.0%
larger putting green	1	0.8%		0.0%
add chipping area	1	0.8%		0.0%
Maintenance	72	55.8%	49	47.6%
General	20	15.5%	11	10.7%
Better sand in bunkers	1	0.8%		0.0%
Watering /irrigation	2	1.6%	1	1.0%
Greens	13	10.1%	8	7.8%
slower greens	1	0.8%	1	1.0%

	Enger Park		Lester Park	
	2013	% Resp	2013	% Resp
What can we do to enhance your experience?	129		103	
Fairways	1	0.8%	4	3.9%
Bunkers	23	17.8%	6	5.8%
Drainage	3	2.3%		0.0%
Driving Range	2	1.6%	2	1.9%
Tee boxes	2	1.6%	4	3.9%
Rough		0.0%	6	5.8%
Fringe	1	0.8%	1	1.0%
Fewer weeds		0.0%	1	1.0%
More flowers/landscape		0.0%	1	1.0%
Staff courtesy	2	1.6%		0.0%
Mow in reverse order		0.0%	1	1.0%
fewer geese		0.0%	1	1.0%
#9	1	0.8%		0.0%
Add box for broken tees		0.0%	1	1.0%
Operations	3	2.3%	0	0.0%
Better check in	1	0.8%		0.0%
keep 9h golfers off 18 h course	1	0.8%		0.0%
coffee breaks in public	1	0.8%		0.0%
Clubhouse	3	2.3%	3	2.9%
General/design	3	2.3%	3	2.9%
restrooms		0.0%		0.0%
Price/Value	13	10.1%	7	6.8%
General	7	5.4%	3	2.9%
Add range pass	1	0.8%		0.0%

	Enger Park		Lester Park	
	2013	% Resp	2013	% Resp
What can we do to enhance your experience?	129		103	
Golf carts	1	0.8%		0.0%
Senior rates	1	0.8%	1	1.0%
Junior rates	1	0.8%		0.0%
Season passes		0.0%	1	1.0%
Add specials/coupons	2	1.6%	2	1.9%
Cart Paths	0	0.0%	1	1.0%
Cart paths general		0.0%	1	1.0%
Parking lot		0.0%		0.0%
Pace of Play	18	14.0%	10	9.7%
General	12	9.3%	3	2.9%
Add marshals	2	1.6%	3	2.9%
Better marked distance		0.0%	2	1.9%
Eliminate 5-somes during peak		0.0%	1	1.0%
Teetime interval	2	1.6%	1	1.0%
Pair up singles/doubles	2	1.6%		0.0%
Food & Beverage	1	0.8%	9	8.7%
Customer service		0.0%	1	1.0%
More beverage cart service	1	0.8%	2	1.9%
Better bev cart serv		0.0%	1	1.0%
Serve alcohol		0.0%	4	3.9%
Late shift		0.0%	1	1.0%
Staff/customer service	2	1.6%	1	1.0%
General		0.0%	1	1.0%
Shorter check-in time	1	0.8%		0.0%

	Enger Park		Lester Park	
	2013	% Resp	2013	% Resp
What can we do to enhance your experience?	129		103	
Course management	1	0.8%		0.0%
starters/rangers		0.0%		0.0%
Carts	1	0.8%	0	0.0%
General		0.0%		0.0%
Add GPS	1	0.8%		0.0%
Practice Area	3	2.3%	0	0.0%
General	2	1.6%		0.0%
Add chipping/short game	1	0.8%		0.0%
Teetimes	1	0.8%	0	0.0%
Manage better	1	0.8%		0.0%
Overbooked		0.0%		0.0%
Other		0.0%		0.0%
Better control on allowing players to play 18 hole course without playing 1st 9	1	0.8%		0.0%
better weather	1	0.8%	1	1.0%
improve course etiquette	1	0.8%		0.0%
Smooth fairway in front of #16 on back nine. Put in a women's tee across the dip on #1 on front nine.	1	0.8%		0.0%
Put layout on scorecard		0.0%	1	1.0%
Put Lake 9 in rotation		0.0%	2	1.9%
Do not use Lakes unless requested		0.0%	1	1.0%
Add range token for freq players		0.0%	1	1.0%
Signage		0.0%	1	1.0%
fewer tournaments		0.0%	2	1.9%

## Enhancements to the Clubhouse

The final free-form question concerned what enhancements they would like to see with the clubhouse. We had 110 comments for Enger and just 72 for Lester.

At Enger, 11.8% of the comments were either “nothing” or “I don’t care.” This percentage jumped to 25% at Lester. On the other hand, 34.5% of the comments for Enger were for a completely new clubhouse, compared to just 12.5% at Lester. Another 3.6% at Enger and 11.1% at Lester favored general updating.

Improving the bathrooms was specifically mentioned by 8.2% of the Enger respondents and 11.1% of the Lester. Another big issue was adding banquet space, mentioned by 6.4% of Enger, but only 1.4% of Lester.

Better menu selection was mentioned by 3.6% of the Enger comments and 5.6% of the Lester, making it the most mentioned non-building issue.

Surprisingly, adding full alcohol service was mentioned by only 2 comments (2.8%) at Lester, suggesting that this may not be as big a concern as many think.

	Enger Park		Lester Park	
	2013	% Resp	2013	% Resp
Enhancements to Clubhouse	110		72	
None	11	10.0%	15	20.8%
Don't care	2	1.8%	3	4.2%
Design	78	70.9%	36	50.0%
Rebuild completely	38	34.5%	9	12.5%
Add locker room	3	2.7%		0.0%
larger seating area	4	3.6%	1	1.4%
Better bathrooms	9	8.2%	8	11.1%
Banquet area	7	6.4%	1	1.4%
Close basement	2	1.8%		0.0%
Better layout	1	0.9%		0.0%
General updating	4	3.6%	8	11.1%
New carpet/paint	2	1.8%		0.0%
Clean locker room	1	0.9%		0.0%
no stairs	1	0.9%		0.0%

larger kitchen	1	0.9%	2	2.8%
larger bar		0.0%	1	1.4%
larger proshop	1	0.9%	1	1.4%
Make ADA compliant		0.0%	1	1.4%
Office space	1	0.9%		0.0%
better outside seating		0.0%	2	2.8%
Cart storage	1	0.9%		0.0%
Better parking lot		0.0%	2	2.8%
Air Conditioner	1	0.9%		0.0%
Fix leaks	1	0.9%		0.0%
Food & beverage	10	9.1%	14	19.4%
Full restaurant	2	1.8%	1	1.4%
Friendlier staff		0.0%	2	2.8%
Discounts on beverages	1	0.9%		0.0%
Better beer selection	1	0.9%	1	1.4%
Better menu selection	4	3.6%	4	5.6%
Add alcohol		0.0%	2	2.8%
Use outside grill more	1	0.9%	1	1.4%
Add water fountain		0.0%	1	1.4%
Add outside order window		0.0%	1	1.4%
Sanitation/wash hands	1	0.9%		0.0%
Sunday lunch		0.0%	1	1.4%
Merchandise	3	2.7%	2	2.8%
Better merch selection	1	0.9%	1	1.4%
Keep stock sizes that are sold out	1	0.9%		0.0%
More women's clothes	1	0.9%		0.0%
Better sales		0.0%	1	1.4%

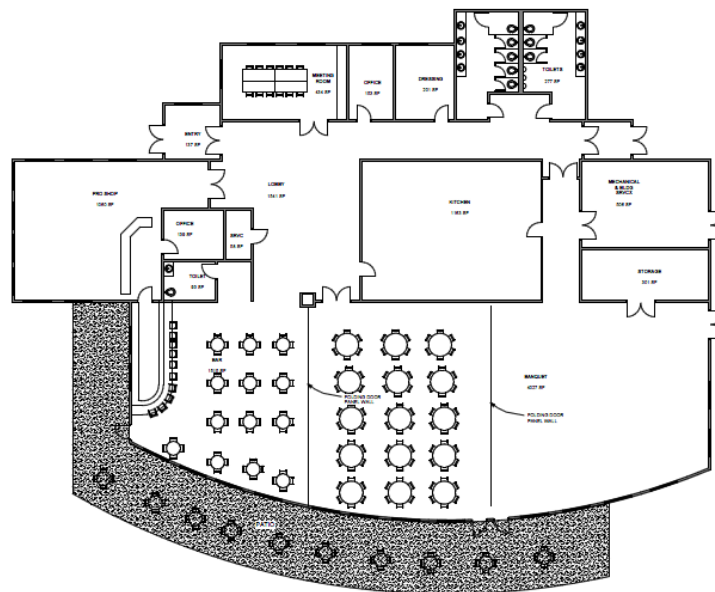
Operations	6	5.5%	2	2.8%
Better staff	4	3.6%		0.0%
better starter	1	0.9%		0.0%
Move score computer		0.0%	1	1.4%
Reduce cart congestion behind 10		0.0%	1	1.4%
Open in winter	1	0.9%		0.0%

## ***Appendix B: Copy of Survey***

<b>ENGER PARK GOLF COURSE</b> <b>GOLFER SATISFACTION SURVEY</b>	
<b>Your Golf</b>	
1 About how many rounds have you played at Enger Park Golf Course in the past 12 months?	_____
2 Do you play most of your golf at Enger Park Golf Course?	<input type="radio"/> Yes <input type="radio"/> No
3 What other courses in the area, if any have you played on a somewhat regular basis in the past 12 months?	
1. _____	_____ rounds
2. _____	_____ rounds
3. _____	_____ rounds
4 What would you estimate is your average cost per round (including green fee, golf cart if used, range balls, etc. – but excluding merchandise and food & beverage) at Enger Park Golf Course?	_____
5 About how much would you say you have spent in total on merchandise (e.g., apparel, golf balls, clubs, and other items) over the past 12 months at Enger Park Golf Course?	_____
6 About how much would you estimate you spend, on average, on food & beverage each time you visit the course?	_____
7 Approximately how long have you been playing golf at Enger Park Golf Course?	<input type="checkbox"/> Less than one year <input type="checkbox"/> Over one year      (_____)
	(List total years)
8 Did you first play at Enger Park Golf Course because someone recommended us to you?	<input type="radio"/> Yes <input type="radio"/> No
<b>Your Comments</b>	
9 What do you like most about Enger Park Golf Course?	
10 If you were the person in charge, what improvements, in any aspect of the course or our service, would you consider making?	
11 Please tell us what we could do to enhance your golfing experience?	
12 What enhancements would you like to see at our clubhouse?	
<b>Your Level of Satisfaction</b>	
For each factor below, select a number from 1 to 10 indicating your level of satisfaction.	
<b>Factors</b>	<b>Very Dissatisfied</b> <b>Very Satisfied</b>
11 Overall Course Conditions	<input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 <input type="radio"/> 5 <input type="radio"/> 6 <input type="radio"/> 7 <input type="radio"/> 8 <input type="radio"/> 9 <input type="radio"/> 10
12 Pace of Play	<input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 <input type="radio"/> 5 <input type="radio"/> 6 <input type="radio"/> 7 <input type="radio"/> 8 <input type="radio"/> 9 <input type="radio"/> 10
13 Overall Value	<input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 <input type="radio"/> 5 <input type="radio"/> 6 <input type="radio"/> 7 <input type="radio"/> 8 <input type="radio"/> 9 <input type="radio"/> 10
14 Friendliness/Helpfulness of Staff	<input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 <input type="radio"/> 5 <input type="radio"/> 6 <input type="radio"/> 7 <input type="radio"/> 8 <input type="radio"/> 9 <input type="radio"/> 10
15 Golf Course Design/Layout	<input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 <input type="radio"/> 5 <input type="radio"/> 6 <input type="radio"/> 7 <input type="radio"/> 8 <input type="radio"/> 9 <input type="radio"/> 10
16 On a scale of 1 to 5 please rank us on your level of satisfaction for Snack Bar Selection.	Very dissatisfied <input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 <input type="radio"/> 5   Very satisfied
17 On a scale of 1 to 5 please rank us on your level of satisfaction for Snack Bar Pricing.	Very dissatisfied <input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 <input type="radio"/> 5   Very satisfied
18 How much additional green fees would you be willing to pay if the money was invested back into the property?	
<input type="radio"/> \$2 - \$4	<input type="radio"/> Not willing to pay more
<input type="radio"/> \$5 - \$7	<input type="radio"/> I will pay whatever the fees are
<input type="radio"/> \$8 - \$10	
19 Where would you like the city to invest in capital improvements at Enger Park?	
<input type="radio"/> Entire course makeover	<input type="radio"/> Clubhouse only
<input type="radio"/> Irrigation and drainage only	<input type="radio"/> Clubhouse, irrigation and drainage
<input type="radio"/> Do not invest any more money	

GOLFER SATISFACTION SURVEY PAGE 2	
<b>Your Experience at Enger Park Golf Course</b>	
20	How satisfied are you, overall, with Enger Park Golf Course? Very Dissatisfied <input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 <input type="radio"/> 5 <input type="radio"/> 6 <input type="radio"/> 7 <input type="radio"/> 8 <input type="radio"/> 9 <input type="radio"/> 10   Very Satisfied
21	Given the cost to play here, do we meet your expectations? We Fall Short of Expectations <input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 <input type="radio"/> 5 <input type="radio"/> 6 <input type="radio"/> 7 <input type="radio"/> 8 <input type="radio"/> 9 <input type="radio"/> 10   We Exceed Your Expectations
22	How does your overall satisfaction with Enger Park Golf Course compare to your satisfaction with other similarly priced courses in the area? Unfavorably <input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 <input type="radio"/> 5 <input type="radio"/> 6 <input type="radio"/> 7 <input type="radio"/> 8 <input type="radio"/> 9 <input type="radio"/> 10   Favorably
23	Which course do you feel is the best golf experience? (Use 5 if you feel they are equal) Enger <input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 <input type="radio"/> 5 <input type="radio"/> 6 <input type="radio"/> 7 <input type="radio"/> 8 <input type="radio"/> 9   Lester
24	Do you feel the current management is doing a good job? Definitely Not <input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 <input type="radio"/> 5 <input type="radio"/> 6 <input type="radio"/> 7 <input type="radio"/> 8 <input type="radio"/> 9 <input type="radio"/> 10   Absolutely Yes
25	In the next 12 months, are you likely to play here more often, less often or about the same? Much less often <input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 <input type="radio"/> 5 <input type="radio"/> 6 <input type="radio"/> 7 <input type="radio"/> 8 <input type="radio"/> 9 <input type="radio"/> 10   Much More Often
26	If asked, how likely would you be to recommend Enger Park Golf Course to another golfer? Not at all Likely to Recommend <input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 <input type="radio"/> 5 <input type="radio"/> 6 <input type="radio"/> 7 <input type="radio"/> 8 <input type="radio"/> 9 <input type="radio"/> 10   Extremely Likely to Recommend
27	Have you recommended Enger Park Golf Course to anyone in the past 12 months? If yes, how many times? _____ <input type="radio"/> Yes <input type="radio"/> No
28	Have you advised anyone against playing at Enger Park Golf Course in the past 12 months? If yes, how many times? _____ <input type="radio"/> Yes <input type="radio"/> No
29	What are your most important reasons for not golfing more at Enger Park Golf Course? Select any of the below answer choices that you consider to be a major barrier to golfing more: <div style="display: flex; flex-wrap: wrap;"> <div style="width: 50%;"> <input type="radio"/> I don't have more free time  <input type="radio"/> Spouse or significant other doesn't play  <input type="radio"/> Golf course is too congested  <input type="radio"/> Course isn't welcoming for women  <input type="radio"/> Course isn't welcoming for beginners  <input type="radio"/> Round of golf takes too long  <input type="radio"/> Golf is a lower priority than other leisure activities  <input type="radio"/> Buying equipment too expensive </div> <div style="width: 50%;"> <input type="radio"/> Limited options besides playing full 18-hole round  <input type="radio"/> The game is too difficult  <input type="radio"/> My friends don't play golf or play at another course  <input type="radio"/> I don't know the rules / norms  <input type="radio"/> I have an ailment that prevents me from playing more often  <input type="radio"/> Course isn't a place I can take my kids to  <input type="radio"/> Fees too expensive </div> </div>
<b>Your Demographics</b>	
30	Please enter the zip code of your primary residence: _____
31	Please select your gender: <input type="radio"/> Male <input type="radio"/> Female
32	Please enter your age: _____
33	Please enter your average 18-hole score: _____
34	Which of the following best describes you? (Check all that apply) <div style="display: flex; flex-wrap: wrap;"> <div style="width: 50%;"> <input type="radio"/> Local player/area resident  <input type="radio"/> Member of other area club  <input type="radio"/> Discount cardholder  <input type="radio"/> Business/corporate outing golfer </div> <div style="width: 50%;"> <input type="radio"/> Non-resident player  <input type="radio"/> Member of our club  <input type="radio"/> Vacationer  <input type="radio"/> League player </div> </div>
<b>Your Contact Information</b>	
First name: _____	
Last name: _____	
Address: _____	
City: _____	
State: _____ Zip: _____	
Phone: _____	
Email: _____	
<input type="checkbox"/> You have my permission to contact me	
35	Please list activities you would be interested in participating at our facility: <div style="display: flex; flex-wrap: wrap;"> <div style="width: 50%;"> <input type="radio"/> League Play  <input type="radio"/> Men's/Ladies' Club Association  <input type="radio"/> Tournaments  <input type="radio"/> Clinics </div> <div style="width: 50%;"> <input type="radio"/> Private Lessons  <input type="radio"/> Junior Programs  <input type="radio"/> Hosting a Corporate or Group Golf Outing </div> </div>
<b>THANK YOU FOR YOUR TIME AND INPUT!</b> <small>Customer Survey conducted by the National Golf Foundation. © Copyright 2013 - All Rights Reserved.</small>	

## Appendix C: Proposed Clubhouse



ENGER PARK GOLF CLUB HOUSE OPTION - A

Duluth, MN

DATE: 10/20/2011 10:00 AM  
 DRAWN: PLAN  
 REVISION: A1.2

Area Schedule Circles	
Building	Area
Level 1	1,000 SF
Level 2	1,000 SF





ENGER PARK GOLF CLUB HOUSE OPTION - A

Duluth, MN

date: 01/20/2011 10:00 AM  
 sheet size: SITE PLAN  
 sheet number: A1.1  
 dsgw  
 enriching communities through architecture  
 duluth "enriched" project results site plan  
 www.dsgw.com

## Appendix D: Course Construction Estimate

The following estimate has been provided by Jeff Brauer of Golfscapes, who was hired by the City to do a Master Plan for Enger.

### ENGER PARK MASTER PLAN

rev. August 28, 2013

Description	Quantity	Unit	Unit Cost	Line Total
Schedule A General Conditions				
A. Bonds and Insurance	1	LS	\$ -	
Bid & Performance Bond	1	LS	\$70,000.00	\$70,000.00
Insurance	1	LS	\$15,000.00	\$15,000.00
Permits	1	LS	\$15,000.00	\$15,000.00
C. General Job Conditions				
Mobilization and Staging	1	LS	\$120,000.00	\$120,000.00
Safety/Security/QC Testing	1	LS	\$15,000.00	\$15,000.00
Superintendent/Feature Staking	1	LS	\$120,000.00	\$120,000.00
Engineer Staking	1	LS	\$25,000.00	\$25,000.00
D. Closeout/Guarantees				
Repairs/Final Clean Up, As Built	1	LS	\$20,000.00	\$20,000.00
Schedule A Total			\$400,000.00	
Schedule B - Erosion Control and Clearing				
A. Erosion Control				
Silt Fence	18,000	LF	\$3.00	\$54,000.00
Inlet Protection	75	EA	\$100.00	\$7,500.00
Straw Bio Rolls	4,500	LF	\$3.00	\$13,500.00
Construction Entrance	3	EA	\$2,500.00	\$7,500.00
Float Silt Curtain	300	LF	\$12.00	\$3,600.00
Sediment Traps	30	EA	\$150.00	\$4,500.00
Type 3 Mulch	180	TN	\$1,000.00	\$180,000.00
Erosion Control Blanket	30,000	SY	\$1.50	\$45,000.00
SWPPP Maintenance & Repair	1	EA	\$18,500.00	\$18,500.00
Rapid Response Stabilization	1	EA	\$20,000.00	\$20,000.00
B. Demo and Disposal				

**ENGER PARK MASTER PLAN**

rev. August 28, 2013

Description	Quantity	Unit	Unit Cost	Line Total
1. Pump Station (Off Site Disposal)	1	EA	\$5,390.00	\$5,390.00
2. Paving - asphalt Cart Path	27,400	SF	\$1.15	\$31,510.00
C. Clearing				
1. EX. Grass Tilling/Removal	120	AC	\$500.00	\$60,000.00
2. Clearing (New 5R, 6R, and Misc.)	12	AC	\$2,000.00	\$24,000.00
2. Misc. Tree Not Cleared By Owner	36	EA	\$500.00	\$18,000.00
Schedule B Total			\$475,000.00	
Schedule C Mass Grading				
A. Topsoil Management	45,000	CY	\$6.50	\$292,500.00
B. Mass Grading				
Unclassified Cuts and Fills	75,000	CY	\$3.25	\$243,750.00
Impermeable Clay Seal <b>Allow.</b>	2,000	CY	\$5.75	\$11,500.00
C. Fairway Sand Cap - For muck areas on Holes 1M, 9M, 1B, 8B, 9B				
Purchase & Deliver Materials	13,500	TN	\$21.00	\$283,500.00
Sand Cap Placement, Spreading	13,500	TN	\$1.45	\$19,575.00
D. Misc Operations				
Bridging Waters of US	1	LS	\$15,000.00	\$15,000.00
Pond De-Watering	15,000	CY	\$9.00	\$135,000.00
E. Rough Feature Shaping	1	LS	\$299,175.00	\$299,175.00
Schedule C Total			\$1,300,000.00	
Schedule D - Drainage				
A. Major Drain Pipe - CPP Smoothwall SOLID/PERF				
4" (Plan + Tie Ins)	10,000	LF	\$7.00	\$70,000.00
6"	9,000	LF	\$8.00	\$72,000.00
8"	1,200	LF	\$9.00	\$10,800.00
10"	450	LF	\$11.00	\$4,950.00
12"	350	LF	\$13.00	\$4,550.00
15"	240	LF	\$15.00	\$3,600.00
Large Pipe Culverts - 24" plus	300	LF	\$30.00	\$9,000.00
B. Water Tight Lake Connector - New Lakes on 9M				
24"	500	LF	\$30.00	\$15,000.00
C. Drainage Inlets				
N-12 Perf. "T" Riser CB, gravel encased, with Grate				

**ENGER PARK MASTER PLAN**

rev. August 28, 2013

Description	Quantity	Unit	Unit Cost	Line Total
12" Grate - 1.5-3 ft. Depth	240	EA	\$400.00	\$96,000.00
24" Grate/24" Vert. Body - 4 ft. Depth	3	EA	\$750.00	\$2,250.00
N-12 Flared End Section	20	EA	\$350.00	\$7,000.00
D. Pond Overflow Structures	3	EA	\$14,993.00	\$44,979.00
E. Drainage Allowances	1	LS	\$9,871.00	\$9,871.00
Schedule D Total			\$350,000.00	
Schedule E - Feature Construction				
A. USGA Green Construction - 27 Greens, and 2 Practice Greens - 200,000 SF				
1. Perforated Tile				
Perforated Tile - 4" in Gravel	20,000	LF	\$5.75	\$115,000.00
Flush Out/Markers	60	EA	\$150.00	\$9,000.00
2. Pea Gravel Layer				
Supply Material	3,000	TN	\$20.00	\$60,000.00
Placement	3,000	TN	\$15.00	\$45,000.00
3. Greens Mix				
Sand/Organic	12,000	TN	\$52.00	\$624,000.00
Placement	12,000	TN	\$3.50	\$42,000.00
4. Edge Protect/Liner/Wire	10,000	LF	\$1.25	\$12,500.00
B. Tees and Practice Tees - 275,000 SF				
Place 6" Ex. Green Sand on Tees	7,638	TN	\$3.75	\$28,642.50
C. Sand Bunkers - 120,000 S.F.				
1. Preparation				
Cut Edge/Base Prep	105,000	SF	\$0.75	\$78,750.00
Bunker Liner	105,000	SF	\$2.00	\$210,000.00
2. Perforated Tile				
4" N 12 Perf. Pipe in Gravel Bed	6,000	LF	\$7.50	\$45,000.00
Clean Outs/Markers	90	EA	\$150.00	\$13,500.00
3. Bunker Sand				
Supply	2,100	TN	\$45.00	\$94,500.00
Placement	125,000	SF	\$1.00	\$125,000.00
D. Artificial Turf tees	1	LS	\$47,107.50	\$47,107.50
Schedule E Total			\$1,550,000.00	
Schedule F - Fine Shaping				
Fine/Finish Shaping	120	AC	\$1,500.00	\$180,000.00

**ENGER PARK MASTER PLAN**

rev. August 28, 2013

Description	Quantity	Unit	Unit Cost	Line Total
<b>Schedule F Total</b>			<b>\$180,000.00</b>	
<b>Schedule G - Grassing</b>				
A. Soil Preparation	121	AC	\$1,000.00	\$121,000.00
B. Grassing				
Greens - T1 Bent	200,000	SF	\$0.20	\$40,000.00
Tees - Bent Mixture	275,000	SF	\$0.15	\$41,250.00
Fairways - Bent or Low Mow Blue	48	AC	\$1,250.00	\$60,000.00
Roughs - Bluegrass/Fescue Seed	60	AC	\$1,000.00	\$60,000.00
Haul Road/Damage Area Repair	1	LS	\$15,000.00	\$15,000.00
Native Area -	10	AC	\$2,375.00	\$23,750.00
C. Sod - Bluegrass				
Rough, Banks	825,000	SF	\$0.32	\$264,000.00
<b>Schedule G Total</b>			<b>\$625,000.00</b>	
<b>Schedule H - Hardscape and Landscape</b>				
A. Cart Paths - Use Existing System w/ Additions - 6" Base, 2.5" Asphalt Pavement				
1. Subgrade - 1 ft. beyond pavem't	180,000	SF	\$0.25	\$45,000.00
2. Asphalt Pavem't	150,000	SF	\$4.15	\$622,500.00
3. Curbing - 4" Vert. Conc. Curb	10,000	LF	\$6.90	\$69,000.00
4. Geotextile Fabric for wet soils	15,000	SF	\$0.30	\$4,500.00
B. Bridges - New	180	LF	\$500.00	\$90,000.00
C. Landscape				
1. Landscape Plantings (TBD)	1	AL	\$48,000.00	\$48,000.00
2. Bark Mulch Areas	5	AC	\$6,200.00	\$31,000.00
<b>Schedule H Total</b>			<b>\$910,000.00</b>	
<b>Schedule I - Irrigation</b>				
A. Pump Station				
Pre Fab Pump	1	EA	\$189,250.00	\$189,250.00
Electric Connection	1	EA	\$10,000.00	\$10,000.00
Building	1	EA	\$55,000.00	\$55,000.00
Fertigation System	1	EA	\$20,000.00	\$20,000.00
B. Sprinklers (per Head)	1,290	EA	\$1,675.00	\$2,160,750.00
<b>Schedule I Total</b>			<b>\$2,435,000.00</b>	

**ENGER PARK MASTER PLAN**

rev. August 28, 2013

Description	Quantity	Unit	Unit Cost	Line Total
<b>Golf Course Construction Total</b>				<b>\$8,225,000.00</b>
Based on nine holes per year, and 5 years total				
<b>Total Project Construction</b>				<b>\$8,225,000.00</b>
(2013 Estimate, based on recent bids)				
<b>Schedule K- Cost Adjustment Factors</b>				
A. Contingency @ 10%	1	LS	\$822,500.00	\$822,500.00
B. Inflation 2013-2018 (avg 2.0% annual)	1	LS	\$452,375.00	\$452,375.00
<b>Schedule K Total</b>				<b>\$1,274,875.00</b>
<b>Construction Total</b>				<b>\$9,499,875.00</b>
<b>PF-100 PROFESSIONAL FEES &amp; OTHER COST</b>				
A. Golf Course Architect (6.0%)	1	LS	\$493,500.00	\$493,500.00
B. Expenses	1	LS	\$60,000.00	\$60,000.00
C. Surveyor	1	LS	\$5,000.00	\$5,000.00
D. Landscape Architect (10%)	1	LS	\$11,000.00	\$11,000.00
E. Geotech Soil Tests	1	LS	\$10,000.00	\$10,000.00
F. Other Consultants				
EIS Phase I	1	LS	\$31,380.57	\$31,380.57
G. Grow-in Materials				
Soil and Sand Tests	1	LS	\$6,000.00	\$6,000.00
Labor Increase for Staff	1	LS	\$51,244.43	\$51,244.43
Sand, Fertilizers	1	LS	\$150,000.00	\$150,000.00
I. Site Furnishings				
Scorecard/Measurement/Rating	1	LS	\$9,000.00	\$9,000.00
Benches, Washers, Signs, Markers	28	HL	\$3,500.00	\$98,000.00
<b>Schedule Total</b>				<b>\$925,125.00</b>
<b>Golf Course Construction Total</b>				<b>\$10,425,000.00</b>

## Appendix E: Cash Flow Projections

### Status Quo

#### Revenue Projections

This table shows detailed revenue projections for each year through 2019. We show 2013 and 2014 projections under the Status Quo model. They will be the same for all three models.

<b>GOLF REVENUE PROJECTIONS Status Quo</b>								
	2013 Proj	2014 No change	2015	2016	2017	2018	2019	Total
<b>ROUNDS</b>								
Members	19,031	19,754	19,272	18,742	18,212	17,586	16,863	110,429
Patron 18	1,007	1,046	1,020	992	964	931	893	5,845
Patron 9	1,700	1,765	1,722	1,675	1,627	1,571	1,507	9,867
18 Hole Resident	3,130	4,098	3,170	3,083	2,996	2,893	2,774	18,164
Nine Hole Resident	6,083	6,314	6,160	5,991	5,821	5,621	5,390	35,297
Twilight/Afternoon	1,074	1,115	1,088	1,058	1,028	993	952	6,234
9 holes non-resident	348	361	352	342	333	321	308	2,017
Seniors/Juniors/Ladies/Military	1,905	1,977	1,929	1,876	1,823	1,760	1,688	11,054
Seniors etc. 9 hole	2,566	2,663	2,598	2,527	2,455	2,371	2,273	14,887
Specials/Coupons/Promotions	1,838	1,907	1,861	1,810	1,758	1,698	1,628	10,662
<b>TOTAL Green Fee Rnds</b>	<b>39,500</b>	<b>41,000</b>	<b>40,000</b>	<b>38,900</b>	<b>37,800</b>	<b>36,500</b>	<b>35,000</b>	<b>229,200</b>
<b>Cart Rounds</b>								
18-Hole Cart	9,227	12,990	11,668	11,348	11,027	10,647	10,210	67,890

<b>GOLF REVENUE PROJECTIONS Status Quo</b>								
	2013 Proj	2014	2015	2016	2017	2018	2019	Total
9-Hole Cart	9,472	14,005	7,031	6,838	6,645	6,416	6,153	47,088
<b>TOTAL Cart Rounds</b>	<b>18,699</b>	<b>26,995</b>	<b>18,700</b>	<b>18,186</b>	<b>17,671</b>	<b>17,064</b>	<b>16,362</b>	<b>114,978</b>
<b>Membership Totals</b>								
<b>New Members</b>								
Single unlimited	131	(3)	(3)	(3)	(4)	(3)	(4)	(20)
Family Unlimited	27	(2)	(1)	(2)	(1)	(2)	(2)	(10)
Senior Unlimited	149	(4)	(4)	(5)	(4)	(5)	(4)	(26)
Senior Couple	11	(2)	(1)	(1)	-		(1)	(5)
Junior Unlimited	55	(3)	(3)	(3)	(3)	(3)	(3)	(18)
Young Adult Unlimited	60	(3)	(3)	(3)	(3)	(3)	(3)	(18)
Patron Gold	133	3	2	2	1	-	(2)	6
<b>Total Members</b>								
Single unlimited	131	128	125	122	118	115	111	
Family Unlimited	27	25	24	22	21	19	17	
Senior Unlimited	149	145	141	136	132	127	123	
Senior Couple	11	9	8	7	7	7	6	
Junior Unlimited	55	52	49	46	43	40	37	
Young Adult Unlimited	60	57	54	51	48	45	42	
Patron Gold	133	136	138	140	141	141	139	
<b>TOTAL Members</b>	<b>566</b>	<b>552</b>	<b>539</b>	<b>524</b>	<b>510</b>	<b>494</b>	<b>475</b>	<b>(91)</b>
<b>Average Fees</b>								
Members	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Patron 18	\$12.11	\$12.91	\$13.11	\$13.30	\$13.50	\$13.70	\$13.91	
Patron 9	\$7.23	\$8.10	\$8.22	\$8.34	\$8.47	\$8.60	\$8.73	
18 Hole Resident	\$25.80	\$28.80	\$29.23	\$29.67	\$30.12	\$30.57	\$31.03	
Nine Hole Resident	\$15.22	\$16.11	\$16.35	\$16.60	\$16.85	\$17.10	\$17.36	
Twilight/Afternoon	\$13.95	\$18.60	\$18.88	\$19.16	\$19.45	\$19.74	\$20.04	
9 holes non-resident	\$15.30	\$16.65	\$16.90	\$17.15	\$17.41	\$17.67	\$17.94	
Seniors/Juniors/Ladies/Military	\$22.05	\$26.46	\$26.86	\$27.26	\$27.67	\$28.08	\$28.50	
Seniors etc. 9 hole	\$13.43	\$16.92	\$17.17	\$17.43	\$17.69	\$17.95	\$18.22	
Specials/Coupons/Promotions	\$0.00	\$24.25	\$24.61	\$24.98	\$25.36	\$25.74	\$26.12	
<b>Cart Rounds</b>								

## GOLF REVENUE PROJECTIONS Status Quo

	2013 Proj	2014	2015	2016	2017	2018	2019	Total
18 Hole	\$11.12	\$11.25	\$11.42	\$11.59	\$11.76	\$11.94	\$12.12	
9 Hole	\$5.95	\$6.50	\$6.60	\$6.70	\$6.80	\$6.90	\$7.01	
<b>Membership</b>								
Single unlimited	\$650	\$650	\$660	\$670	\$680	\$690	\$700	
Family Unlimited	\$1,050	\$1,050	\$1,066	\$1,082	\$1,098	\$1,114	\$1,131	
Senior Unlimited	\$470	\$470	\$477	\$484	\$491	\$499	\$506	
Senior Couple	\$840	\$840	\$853	\$865	\$878	\$892	\$905	
Junior Unlimited	\$275	\$275	\$279	\$283	\$288	\$292	\$296	
Young Adult Unlimited	\$400	\$400	\$406	\$412	\$418	\$425	\$431	
Patron Gold	\$185	\$185	\$188	\$191	\$193	\$196	\$199	
<b>Other</b>								
Driving Range/Round	\$ 1.04	\$ 1.04	\$ 1.06	\$ 1.07	\$ 1.09	\$ 1.10	\$ 1.12	
Food & Bev/Round	\$ 4.29	\$ 4.29	\$ 4.35	\$ 4.42	\$ 4.49	\$ 4.55	\$ 4.62	
Merchandise/Round	\$ 1.95	\$ 1.95	\$ 1.98	\$ 2.01	\$ 2.04	\$ 2.07	\$ 2.10	
<b>REVENUE</b>								
<b>Green Fees</b>								
Members	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Patron 18	\$12,193	\$13,499	\$13,368	\$13,195	\$13,014	\$12,755	\$12,415	\$78,247
Patron 9	\$12,286	\$14,297	\$14,157	\$13,975	\$13,783	\$13,509	\$13,148	\$82,869
18 Hole Resident	\$80,764	\$93,578	\$92,665	\$91,469	\$90,216	\$88,420	\$86,058	\$542,406
Nine Hole Resident	\$92,553	\$101,719	\$100,726	\$99,426	\$98,063	\$96,111	\$93,544	\$589,588
Twilight/Afternoon	\$14,988	\$20,743	\$20,540	\$20,275	\$19,997	\$19,599	\$19,076	\$120,230
Seniors/Juniors/Ladies/Military	\$42,007	\$52,323	\$51,812	\$51,143	\$50,443	\$49,438	\$48,118	\$303,277
Seniors etc. 9 hole	\$34,461	\$45,044	\$44,604	\$44,028	\$43,425	\$42,561	\$41,424	\$261,086
Specials/Coupons/Promotions	\$0	\$46,253	\$45,801	\$45,210	\$44,590	\$43,703	\$42,535	\$268,092
<b>TOTAL Green Fee Revenue</b>	<b>\$294,570</b>	<b>\$415,359</b>	<b>\$389,624</b>	<b>\$384,593</b>	<b>\$379,323</b>	<b>\$371,772</b>	<b>\$361,841</b>	<b>\$2,302,512</b>
<b>Cart Rounds</b>								
18 Hole	\$102,606	\$146,133	\$133,239	\$131,519	\$129,717	\$127,135	\$123,739	\$791,482
9 Hole	\$56,359	\$91,069	\$46,408	\$45,808	\$45,181	\$44,281	\$43,099	\$315,846
<b>TOTAL Cart Revenue</b>	<b>\$158,965</b>	<b>\$237,202</b>	<b>\$179,647</b>	<b>\$177,327</b>	<b>\$174,898</b>	<b>\$171,416</b>	<b>\$166,837</b>	<b>\$1,107,327</b>
<b>Membership</b>								
Single unlimited	\$85,150	\$83,200	\$82,469	\$81,697	\$80,204	\$79,337	\$77,726	\$484,632

## GOLF REVENUE PROJECTIONS Status Quo

	2013 Proj	2014	2015	2016	2017	2018	2019	Total
Family Unlimited	\$28,350	\$26,250	\$25,578	\$23,798	\$23,057	\$21,174	\$19,230	\$139,087
Senior Unlimited	\$70,030	\$68,150	\$67,264	\$65,852	\$64,874	\$63,353	\$62,278	\$391,770
Senior Couple	\$9,240	\$7,560	\$6,821	\$6,058	\$6,149	\$6,241	\$5,430	\$38,257
Junior Unlimited	\$15,125	\$14,300	\$13,677	\$13,032	\$12,365	\$11,675	\$10,961	\$76,011
Young Adult Unlimited	\$24,000	\$22,800	\$21,924	\$21,017	\$20,077	\$19,105	\$18,098	\$123,021
Patron Gold	\$24,605	\$25,160	\$25,913	\$26,683	\$27,277	\$27,686	\$27,702	\$160,420
<b>TOTAL Membership</b>	<b>\$256,500</b>	<b>\$247,420</b>	<b>\$243,646</b>	<b>\$238,137</b>	<b>\$234,002</b>	<b>\$228,570</b>	<b>\$221,425</b>	<b>\$1,413,199</b>
<b>Other Revenue</b>								
Driving Range	\$41,080	\$42,640	\$42,224	\$41,679	\$41,108	\$40,289	\$39,213	\$247,153
Food & Beverage	\$169,455	\$175,890	\$174,174	\$171,925	\$169,569	\$166,194	\$161,754	\$1,019,506
Banquet				\$0	\$0	\$0	\$0	\$0
Merchandise	\$77,025	\$79,950	\$79,170	\$78,148	\$77,077	\$75,543	\$73,525	\$463,412
Other Revenue	\$11,500	\$11,937	\$11,646	\$11,325	\$11,005	\$10,627	\$10,190	\$66,729
<b>TOTAL Other Revenue</b>	<b>\$299,060</b>	<b>\$310,417</b>	<b>\$307,214</b>	<b>\$303,077</b>	<b>\$298,759</b>	<b>\$292,652</b>	<b>\$284,682</b>	<b>\$1,796,800</b>
<b>GROSS REVENUE</b>	<b>\$1,009,095</b>	<b>\$1,210,398</b>	<b>\$1,120,130</b>	<b>\$1,103,134</b>	<b>\$1,086,982</b>	<b>\$1,064,410</b>	<b>\$1,034,785</b>	<b>\$6,619,838</b>
<b>COST OF GOODS</b>								
Food & Beverage	\$79,644	\$63,320	\$62,703	\$61,893	\$61,045	\$59,830	\$58,232	\$367,022
Banquet		\$0	\$0	\$0	\$0	\$0	\$0	\$0
Merchandise	\$54,303	\$57,564	\$57,002	\$56,266	\$55,495	\$54,391	\$52,938	\$333,657
<b>Total Cost of Goods</b>	<b>\$133,946</b>	<b>\$120,884</b>	<b>\$119,705</b>	<b>\$118,159</b>	<b>\$116,540</b>	<b>\$114,220</b>	<b>\$111,169</b>	<b>\$700,679</b>
<b>GROSS PROFIT</b>	<b>\$875,149</b>	<b>\$1,089,513</b>	<b>\$1,000,425</b>	<b>\$984,974</b>	<b>\$970,442</b>	<b>\$950,190</b>	<b>\$923,616</b>	<b>\$5,919,159</b>

## Expenses

### EXPENSE PROJECTIONS

	2013	2014	2015	2016	2017	2018	2019	Total (1-6)
<b>Golf Course Maintenance</b>								
Payroll (including overtime, seasonal, temp)	\$140,000	\$142,100	\$144,942	\$147,841	\$150,798	\$153,814	\$156,890	<b>\$879,494</b>
Fertilizers and Chemicals	\$31,000	\$31,465	\$32,094	\$32,736	\$33,391	\$34,059	\$34,740	<b>\$194,745</b>
Gas & Oil	\$35,732	\$36,268	\$36,993	\$37,733	\$38,488	\$39,258	\$40,043	<b>\$224,472</b>
Equipment Repair and Maintenance		\$10,000	\$10,200	\$10,404	\$10,612	\$10,824	\$11,041	<b>\$52,040</b>
Equipment Lease	\$125,816	\$125,816	\$128,332	\$130,899	\$133,517	\$136,187	\$138,911	<b>\$780,568</b>
Seed & Sod	\$17,500	\$15,000	\$15,300	\$15,606	\$15,918	\$16,236	\$16,561	<b>\$95,561</b>
Irrigation Repair		\$5,500	\$5,610	\$5,722	\$5,837	\$5,953	\$6,072	<b>\$28,622</b>
Soil, Sand & Gravel		\$6,000	\$6,120	\$6,242	\$6,367	\$6,495	\$6,624	<b>\$31,224</b>
Drainage		\$5,000	\$5,100	\$5,202	\$5,306	\$5,412	\$5,520	<b>\$26,020</b>
Equipment Rental	\$35,562	\$36,095	\$36,817	\$37,554	\$38,305	\$39,071	\$39,852	<b>\$223,404</b>
Uniforms		\$1,500	\$1,530	\$1,561	\$1,592	\$1,624	\$1,656	<b>\$7,806</b>
Course Accessories		\$4,000	\$4,080	\$4,162	\$4,245	\$4,330	\$4,416	<b>\$20,816</b>
Repairs & Maintenance	\$50,000	\$40,000	\$40,800	\$41,616	\$42,448	\$43,297	\$44,163	<b>\$258,162</b>
Small Equipment	\$7,760	\$7,876	\$8,034	\$8,195	\$8,358	\$8,526	\$8,696	<b>\$48,749</b>
Utilities	\$21,235	\$21,554	\$21,985	\$22,424	\$22,873	\$23,330	\$23,797	<b>\$133,400</b>
Course Landscaping		\$5,000	\$5,100	\$5,202	\$5,306	\$5,412	\$5,520	<b>\$26,020</b>
Vehicles		\$3,000	\$3,060	\$3,121	\$3,184	\$3,247	\$3,312	<b>\$15,612</b>
Misc.		\$5,000	\$5,100	\$5,202	\$5,306	\$5,412	\$5,520	<b>\$26,020</b>
Operating Supplies	\$23,000	\$4,000	\$4,080	\$4,162	\$4,245	\$4,330	\$4,416	<b>\$43,816</b>
<b>Total Expenses</b>	<b>\$487,605</b>	<b>\$505,174</b>	<b>\$515,278</b>	<b>\$525,583</b>	<b>\$536,095</b>	<b>\$546,817</b>	<b>\$557,753</b>	<b>\$3,116,553</b>
<b>Golf Operations (includes cart staff)</b>								
Payroll (including overtime, seasonal, temp)	\$50,000	\$50,750	\$51,511	\$52,284	\$53,068	\$53,864	\$54,672	<b>\$311,478</b>
Cart Repair & Maintenance		\$2,400	\$2,472	\$2,546	\$2,623	\$2,400	\$2,436	<b>\$12,441</b>
Cart Lease	\$5,200	\$5,278	\$56,160	\$57,845	\$59,580	\$81,619	\$81,619	<b>\$265,682</b>
Scorecards		\$1,968	\$2,007	\$2,048	\$2,088	\$2,130	\$2,173	<b>\$10,242</b>
Range Expense		\$4,000	\$4,080	\$4,162	\$4,245	\$4,330	\$4,416	<b>\$20,816</b>
Uniforms		\$1,100	\$1,122	\$1,144	\$1,167	\$1,191	\$1,214	<b>\$5,724</b>
Operating Supplies		\$1,500	\$1,530	\$1,561	\$1,592	\$1,624	\$1,656	<b>\$7,806</b>
Cart Utilities		\$10,258	\$7,106	\$6,911	\$6,715	\$6,484	\$6,581	<b>\$37,474</b>

## EXPENSE PROJECTIONS

	2013	2014	2015	2016	2017	2018	2019	Total (1-6)
Travel/Dues	\$1,570	\$1,594	\$1,625	\$1,658	\$1,691	\$1,725	\$1,759	\$9,863
Other	\$802	\$814	\$830	\$855	\$881	\$907	\$935	\$5,090
Total Expenses	\$57,572	\$79,662	\$128,444	\$131,013	\$133,650	\$156,274	\$157,462	\$686,615
								\$50,750
Food & Beverage Operations (incl. banquet):								
Payroll (including overtime, seasonal, temp)	\$70,000	\$71,050	\$71,411	\$70,489	\$69,523	\$68,139	\$66,319	\$420,613
Paper Products		\$2,638	\$2,613	\$2,579	\$2,544	\$2,493	\$2,426	\$12,866
Cleaning Supplies		\$1,319	\$1,306	\$1,289	\$1,272	\$1,246	\$1,213	\$6,433
Restaurant Supplies	\$17,609	\$4,000	\$5,225	\$5,158	\$5,087	\$4,986	\$4,853	\$42,065
Licenses/Permits	\$4,942	\$5,016	\$5,167	\$5,322	\$5,481	\$5,646	\$5,815	\$31,573
Equipment Repairs		\$1,319	\$1,306	\$1,289	\$1,272	\$1,246	\$1,213	\$6,433
Uniforms		\$3,197	\$3,214	\$3,172	\$3,129	\$3,066	\$2,984	\$15,778
Contract Services		\$500	\$515	\$530	\$546	\$563	\$580	\$2,655
Other		\$3,078	\$3,048	\$3,009	\$2,967	\$2,908	\$2,831	\$15,011
Total Expenses	\$92,551	\$92,118	\$93,805	\$95,416	\$94,365	\$92,787	\$90,661	\$561,042
Other Expenses:								
City overhead allocation	\$33,400	\$33,901	\$34,410	\$34,926	\$35,450	\$35,981	\$36,521	\$208,067
Clubhouse Utilities	\$11,000	\$11,165	\$11,500	\$18,000	\$25,000	\$25,750	\$26,523	\$102,415
Clubhouse Maintenance	\$5,970	\$6,060	\$6,241	\$7,500	\$8,250	\$8,498	\$8,752	\$42,518
Postage and delivery	\$50	\$51	\$52	\$54	\$55	\$57	\$59	\$319
Bank charges	\$10,385	\$10,541	\$10,857	\$11,183	\$11,518	\$11,864	\$12,220	\$66,347
Internet	\$850	\$863	\$889	\$915	\$943	\$971	\$1,000	\$5,430
Phone	\$870	\$883	\$910	\$937	\$965	\$994	\$1,024	\$5,558
Satellite TV	\$1,320	\$1,340	\$1,380	\$1,421	\$1,464	\$1,508	\$1,553	\$8,433
Marketing	\$4,920	\$4,994	\$22,403	\$22,063	\$21,740	\$21,288	\$20,696	\$97,407
Management Fee (Supervisory)	\$209,000	\$212,135	\$215,317	\$218,547	\$221,825	\$225,152	\$228,530	\$1,301,976
Other Expenses:	\$958	\$972	\$1,002	\$1,032	\$1,063	\$1,094	\$1,127	\$6,120
Insurance	\$23,451	\$23,803	\$24,517	\$25,252	\$26,010	\$26,790	\$27,594	\$149,823
Total Expenses	\$302,174	\$306,707	\$329,476	\$341,829	\$354,282	\$359,948	\$365,598	\$1,994,416
								\$0
TOTAL EXPENSES	\$939,902	\$983,661	\$1,067,003	\$1,093,842	\$1,118,392	\$1,155,825	\$1,171,474	\$6,358,625

## Cash Flow Projections

## CASH FLOW ANALYSIS

	2013 Proj	2014	2015	2016	2017	2018	2019	Total 2014-19
<b>Rounds</b>	<b>39,500</b>	<b>41,000</b>	<b>40,000</b>	<b>38,900</b>	<b>37,800</b>	<b>36,500</b>	<b>35,000</b>	<b>268,700</b>
<b>Revenues</b>								
<b>Golf Operations</b>	\$752,595	\$962,978	\$876,485	\$864,997	\$852,980	\$835,840	\$813,360	<b>\$5,206,639</b>
<b>Membership</b>	\$256,500	\$247,420	\$243,646	\$238,137	\$234,002	\$228,570	\$221,425	<b>\$1,413,199</b>
<b>Total REVENUE</b>	<b>\$1,009,095</b>	<b>\$1,210,398</b>	<b>\$1,120,130</b>	<b>\$1,103,134</b>	<b>\$1,086,982</b>	<b>\$1,064,410</b>	<b>\$1,034,785</b>	<b>\$6,619,838</b>
<b>Cost of Sales</b>	<b>\$133,946</b>	<b>\$120,884</b>	<b>\$119,705</b>	<b>\$118,159</b>	<b>\$116,540</b>	<b>\$114,220</b>	<b>\$111,169</b>	<b>\$700,679</b>
<b>Gross Profit</b>	<b>\$875,149</b>	<b>\$1,089,513</b>	<b>\$1,000,425</b>	<b>\$984,974</b>	<b>\$970,442</b>	<b>\$950,190</b>	<b>\$923,616</b>	<b>\$5,919,159</b>
<b>Expenses</b>								
<b>Golf Operations</b>	\$57,572	\$79,662	\$128,444	\$131,013	\$133,650	\$156,274	\$157,462	<b>\$786,505</b>
<b>Golf Maintenance</b>	\$487,605	\$505,174	\$515,278	\$525,583	\$536,095	\$546,817	\$557,753	<b>\$3,186,701</b>
<b>Food and Beverage</b>	\$92,551	\$92,118	\$93,805	\$95,416	\$94,365	\$92,787	\$90,661	<b>\$559,152</b>
<b>Resort Expenses</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Other Expenses</b>	\$302,174	\$306,707	\$329,476	\$341,829	\$354,282	\$359,948	\$365,598	<b>\$2,057,840</b>
<b>Total Expenses</b>	<b>\$939,902</b>	<b>\$983,661</b>	<b>\$1,067,003</b>	<b>\$1,093,842</b>	<b>\$1,118,392</b>	<b>\$1,155,825</b>	<b>\$1,171,474</b>	<b>\$6,590,197</b>
<b>Net Operating Income</b>	<b>(\$64,753.10)</b>	<b>\$105,852.52</b>	<b>(\$66,578.14)</b>	<b>(\$108,867.36)</b>	<b>(\$147,950.64)</b>	<b>(\$205,635.80)</b>	<b>(\$247,858.37)</b>	<b>(\$671,037.79)</b>
<b>Loan Payment</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>RETAINED CASH FLOW</b>	<b>(\$64,753)</b>	<b>\$105,853</b>	<b>(\$66,578)</b>	<b>(\$108,867)</b>	<b>(\$147,951)</b>	<b>(\$205,636)</b>	<b>(\$247,858)</b>	<b>(\$671,038)</b>

# CASH FLOW ANALYSIS

	2020	2021	2022	2023	2024	Total 2020-24	Total 2015-24
<b>Rounds</b>							
<b>Revenues</b>							
Golf Operations	\$829,627	\$846,220	\$863,144	\$880,407	\$898,015	\$4,317,413	\$9,524,052
Membership	\$225,853	\$230,371	\$234,978	\$239,677	\$244,471	\$1,175,350	\$2,588,549
<b>Total REVENUE</b>	<b>\$1,055,481</b>	<b>\$1,076,590</b>	<b>\$1,098,122</b>	<b>\$1,120,084</b>	<b>\$1,142,486</b>	<b>\$5,492,763</b>	<b>\$12,112,601</b>
Cost of Sales	\$112,837	\$114,529	\$116,247	\$117,991	\$119,761	\$581,365	\$1,282,044
<b>Gross Profit</b>	<b>\$942,644</b>	<b>\$962,061</b>	<b>\$981,875</b>	<b>\$1,002,093</b>	<b>\$1,022,725</b>	<b>\$4,911,398</b>	<b>\$10,830,557</b>
<b>Expenses</b>							
Golf Operations	\$159,824	\$162,221	\$164,655	\$167,125	\$169,631	\$823,456	\$1,609,961
Golf Maintenance	\$566,120	\$574,611	\$583,231	\$591,979	\$600,859	\$2,916,799	\$6,103,500
Food and Beverage	\$92,020	\$93,401	\$94,802	\$96,224	\$97,667	\$474,114	\$1,033,266
Resort Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Expenses	\$371,082	\$376,648	\$382,298	\$388,032	\$393,853	\$1,911,913	\$3,969,753
<b>Total Expenses</b>	<b>\$1,189,046</b>	<b>\$1,206,882</b>	<b>\$1,224,985</b>	<b>\$1,243,360</b>	<b>\$1,262,010</b>	<b>\$6,126,283</b>	<b>\$12,716,480</b>
<b>Net Operating Income</b>	<b>-\$246,402</b>	<b>-\$244,821</b>	<b>-\$243,110</b>	<b>-\$241,266</b>	<b>-\$239,285</b>	<b>-\$1,214,885</b>	<b>-\$1,885,923</b>
Loan Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>RETAINED CASH FLOW</b>	<b>\$(246,402)</b>	<b>\$(244,821)</b>	<b>\$(243,110)</b>	<b>\$(241,266)</b>	<b>\$(239,285)</b>	<b>\$(1,214,885)</b>	<b>\$(1,885,923)</b>

# Standard Model

## Revenue Projections

### GOLF REVENUE PROJECTIONS

	2015	2016	2017	2018	2019	Total
<b>ROUNDS</b>	<b>9 holes cl</b>	<b>9 holes cl</b>	<b>9 holes cl</b>	<b>Grand Open</b>		
18 Holes Non Resident	590	875	923	2,275	2,530	8,041
Members	16,371	15,365	15,373	19,137	19,191	105,192
Patron 18	1,090	1,505	1,846	2,412	2,484	10,382
Patron 9	1,240	1,435	1,491	2,275	2,530	10,736
18 Hole Resident	4,020	4,375	4,615	5,460	5,520	27,239
Nine Hole Resident	5,615	5,950	5,782	6,985	6,694	37,339
Twilight/Afternoon	911	1,050	1,065	1,365	1,380	6,886
9 holes non-resident	295	350	340	683	966	2,994
Seniors/Juniors/Ladies/Military	1,667	1,750	1,701	2,054	1,969	11,118
Seniors etc. 9 hole	1,843	1,995	2,024	2,444	2,342	13,311
Coupon	291	350	340	411	394	3,694
<b>TOTAL Green Fee Rnds</b>	<b>33,500</b>	<b>35,000</b>	<b>35,500</b>	<b>45,500</b>	<b>46,000</b>	<b>236,500</b>
<b>Cart Rounds</b>						
18-Hole Cart	8,802	9,144	9,222	11,955	12,087	64,199
9-Hole Cart	8,411	9,154	9,656	11,425	11,550	64,202
<b>TOTAL Cart Rounds</b>	<b>17,214</b>	<b>18,298</b>	<b>18,878</b>	<b>23,380</b>	<b>23,637</b>	<b>128,401</b>
<b>Membership Totals</b>						
<b>New Members</b>						
Single unlimited	(15)	(3)	2	4	2	(13)
Family Unlimited	(3)			2	1	(2)
Senior Unlimited	(18)	(2)	1	5	3	(15)
Senior Couple	(2)			1	1	(2)
Junior Unlimited	(10)	(2)		2	1	(12)
Young Adult Unlimited	(13)	(1)		2	1	(14)
Single 5-day	43	10	4	6	4	67
Couple 5-day	5	3	1	2	1	12
Patron Gold	15	12	15	10	5	60
Patron Silver	10	4	5	7	8	34
<b>Total Members</b>						
Single unlimited	113	110	112	116	118	
Family Unlimited	22	22	22	24	25	
Senior Unlimited	127	125	126	131	134	
Senior Couple	7	7	7	8	9	
Junior Unlimited	42	40	40	42	43	
Young Adult Unlimited	44	43	43	45	46	
Single 5-day	43	53	57	63	67	
Couple 5-day	5	8	9	11	12	
Patron Gold	151	163	178	188	193	
Patron Silver	10	14	19	26	34	
<b>TOTAL Members</b>	<b>564</b>	<b>585</b>	<b>613</b>	<b>654</b>	<b>681</b>	<b>115</b>
<b>Average Fees</b>						
18 Holes Non Resident	\$26.32	\$34.00	\$34.68	\$38.00	\$38.76	
Members	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Patron 18	\$14.69	\$15.10	\$15.40	\$16.05	\$16.37	

## GOLF REVENUE PROJECTIONS

	2015	2016	2017	2018	2019	Total
Patron 9	\$8.22	\$8.65	\$8.82	\$9.00	\$9.18	
18 Hole Resident	\$29.38	\$30.20	\$30.80	\$32.10	\$32.74	
Nine Hole Resident	\$16.43	\$17.30	\$17.65	\$18.00	\$18.36	
Twilight/Afternoon	\$18.97	\$15.75	\$16.07	\$16.39	\$16.71	
9 holes non-resident	\$16.98	\$19.10	\$19.48	\$21.00	\$21.42	
Seniors/Juniors/Ladies/Military	\$26.99	\$25.50	\$26.01	\$26.53	\$27.06	
Seniors etc. 9 hole	\$17.25	\$17.10	\$17.44	\$17.79	\$18.15	
Coupon	\$24.74	\$23.30	\$23.77	\$24.24	\$24.73	
<b>Cart Rounds</b>						
18 Hole	\$11.48	\$11.70	\$11.94	\$12.18	\$12.42	
9 Hole	\$6.63	\$6.77	\$6.90	\$7.04	\$7.18	
<b>Membership</b>						
Single unlimited	\$650	\$663	\$676	\$850	\$867	
Family Unlimited	\$1,050	\$1,071	\$1,092	\$1,400	\$1,428	
Senior Unlimited	\$470	\$479	\$489	\$750	\$765	
Senior Couple	\$840	\$857	\$874	\$1,350	\$1,377	
Junior Unlimited	\$275	\$281	\$286	\$425	\$434	
Young Adult Unlimited	\$400	\$408	\$416	\$525	\$536	
Single 5-day	\$0	\$0	\$0	\$550	\$561	
Couple 5-day	\$0	\$0	\$0	\$1,000	\$1,020	
Patron Gold	\$185	\$189	\$192	\$225	\$230	
Patron Silver	\$40	\$41	\$42	\$45	\$46	
<b>Other</b>						
Driving Range/Round	\$ 1.09	\$ 2.10	\$ 2.20	\$ 2.35	\$ 2.35	
Food & Bev/Round	\$4.38	\$4.46	\$5.25	\$5.75	\$6.00	
Merchandise/Round	\$1.99	\$2.03	\$3.00	\$3.50	\$3.65	
<b>REVENUE</b>						
<b>Green Fees</b>						
18 Holes Non Resident	\$15,516	\$29,750	\$32,010	\$86,450	\$98,063	<b>\$283,685</b>
Members	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Patron 18	\$16,006	\$22,726	\$28,432	\$38,705	\$40,666	<b>\$160,034</b>
Patron 9	\$10,184	\$12,413	\$13,155	\$20,474	\$23,224	<b>\$93,746</b>
18 Hole Resident	\$118,092	\$132,125	\$142,160	\$175,266	\$180,736	<b>\$841,957</b>
Nine Hole Resident	\$92,266	\$102,935	\$102,032	\$125,718	\$122,888	<b>\$647,557</b>
Twilight/Afternoon	\$17,287	\$16,538	\$17,109	\$22,367	\$23,065	<b>\$117,109</b>
9 holes non-resident	\$5,007	\$6,685	\$6,626	\$14,333	\$20,692	<b>\$59,349</b>
Seniors/Juniors/Ladies/Military	\$44,981	\$44,625	\$44,233	\$54,502	\$53,275	<b>\$293,939</b>
Seniors etc. 9 hole	\$31,789	\$34,115	\$35,294	\$43,487	\$42,508	<b>\$232,237</b>
Coupon	\$7,209	\$8,155	\$8,083	\$9,960	\$9,736	<b>\$89,396</b>
<b>TOTAL Green Fee Revenue</b>	<b>\$358,336</b>	<b>\$410,065</b>	<b>\$429,135</b>	<b>\$591,262</b>	<b>\$614,852</b>	<b>\$2,819,010</b>
<b>Cart Rounds</b>						
18 Hole	\$101,005	\$107,027	\$110,094	\$145,583	\$150,126	<b>\$759,968</b>
9 Hole	\$55,790	\$61,931	\$66,635	\$80,412	\$82,922	<b>\$438,757</b>
<b>TOTAL Cart Revenue</b>	<b>\$156,795</b>	<b>\$168,957</b>	<b>\$176,729</b>	<b>\$225,995</b>	<b>\$233,048</b>	<b>\$1,198,725</b>
	\$15.38	\$16.54	\$17.07	\$17.96	\$18.43	
<b>Membership</b>						
Single unlimited	\$73,450	\$72,930	\$75,741	\$98,600	\$102,306	<b>\$506,227</b>
Family Unlimited	\$23,100	\$23,562	\$24,033	\$33,600	\$35,700	<b>\$166,245</b>

## GOLF REVENUE PROJECTIONS

	2015	2016	2017	2018	2019	Total
Senior Unlimited	\$59,690	\$59,925	\$61,612	\$98,250	\$102,510	\$450,137
Senior Couple	\$5,880	\$5,998	\$6,118	\$10,800	\$12,393	\$48,748
Junior Unlimited	\$11,550	\$11,220	\$11,444	\$17,850	\$18,641	\$85,005
Young Adult Unlimited	\$17,600	\$17,544	\$17,895	\$23,625	\$24,633	\$124,097
Single 5-day	\$0	\$0	\$0	\$34,650	\$37,587	\$72,237
Couple 5-day	\$0	\$0	\$0	\$11,000	\$12,240	\$23,240
Patron Gold	\$27,935	\$30,758	\$34,260	\$42,300	\$44,294	\$204,707
Other	\$400	\$571	\$791	\$1,170	\$1,561	\$4,493
Driving Range/Round	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL Membership</b>	<b>\$219,605</b>	<b>\$222,508</b>	<b>\$231,895</b>	<b>\$371,845</b>	<b>\$391,864</b>	<b>\$1,685,136</b>
<b>Other Revenue</b>						
Driving Range	\$36,515	\$73,500	\$78,100	\$106,925	\$108,100	\$445,780
Food & Beverage	\$146,589	\$156,216	\$186,375	\$261,625	\$276,000	\$1,202,695
Banquet		\$305,000	\$386,000	\$465,000	\$565,000	\$1,721,000
Merchandise	\$66,632	\$71,007	\$106,500	\$159,250	\$167,900	\$651,239
Other Revenue	\$9,753	\$10,190	\$10,335	\$13,247	\$13,392	\$68,854
<b>TOTAL Other Revenue</b>	<b>\$259,489</b>	<b>\$615,913</b>	<b>\$767,310</b>	<b>\$1,006,047</b>	<b>\$1,130,392</b>	<b>\$4,089,569</b>
<b>GROSS REVENUE</b>	<b>\$994,225</b>	<b>\$1,417,444</b>	<b>\$1,605,069</b>	<b>\$2,195,149</b>	<b>\$2,370,156</b>	<b>\$9,792,440</b>
<b>COST OF GOODS</b>						
Food & Beverage	\$52,772	\$56,238	\$67,095	\$94,185	\$99,360	\$432,970
Banquet	\$0	\$99,300	\$124,125	\$148,950	\$182,050	\$554,425
Merchandise	\$47,975	\$51,125	\$76,680	\$114,660	\$120,888	\$468,892
<b>Total Cost of Goods</b>	<b>\$100,747</b>	<b>\$206,663</b>	<b>\$267,900</b>	<b>\$357,795</b>	<b>\$402,298</b>	<b>\$1,456,287</b>
<b>GROSS PROFIT</b>	<b>\$893,478</b>	<b>\$1,210,781</b>	<b>\$1,337,169</b>	<b>\$1,837,354</b>	<b>\$1,967,858</b>	<b>\$8,336,153</b>

## Expenses

### EXPENSE PROJECTIONS

	2015 9 holes cl	2016 9 holes cl	2017 9 holes cl	2018 Grand Open	2019	Total (1- 6)
<b>Golf Course Maintenance</b>						
Payroll (including overtime, seasonal, temp)	\$188,000	\$195,000	\$200,000	\$225,000	\$228,375	\$1,090,100
Fertilizers and Chemicals	\$22,026	\$23,347	\$25,682	\$33,386	\$33,887	\$166,906
Gas & Oil	\$25,388	\$26,911	\$29,602	\$38,483	\$39,060	\$192,383
Equipment Repair and Maintenance	\$7,000	\$7,420	\$8,162	\$10,611	\$10,770	\$43,193
Equipment Lease	\$125,816	\$133,365	\$146,701	\$190,712	\$193,573	\$848,226
Seed & Sod	\$10,500	\$11,130	\$12,243	\$15,916	\$16,155	\$82,289
Irrigation Repair	\$3,850	\$4,081	\$4,489	\$5,836	\$5,923	\$23,756
Soil, Sand & Gravel	\$4,200	\$4,452	\$4,897	\$6,366	\$6,462	\$25,916
Drainage	\$3,500	\$3,710	\$4,081	\$5,305	\$5,385	\$21,596
Equipment Rental	\$37,178	\$39,409	\$43,350	\$50,000	\$50,750	\$241,595
Uniforms	\$1,050	\$1,113	\$1,224	\$1,592	\$1,615	\$6,479
Course Accessories	\$2,800	\$2,968	\$3,265	\$4,244	\$4,308	\$17,277
Repairs & Maintenance	\$41,200	\$43,672	\$48,039	\$55,000	\$55,825	\$277,911
Small Equipment	\$5,513	\$5,844	\$6,429	\$8,357	\$8,483	\$41,780
Utilities	\$22,200	\$23,532	\$25,885	\$29,000	\$29,435	\$143,406
Course Landscaping	\$3,500	\$3,710	\$4,081	\$5,305	\$5,385	\$21,596
Vehicles	\$2,100	\$2,226	\$2,449	\$3,183	\$3,231	\$12,958
Misc.	\$3,500	\$3,710	\$4,081	\$5,305	\$5,385	\$21,596
Operating Supplies	\$2,800	\$2,968	\$3,265	\$4,244	\$4,308	\$40,277
<b>Total Expenses</b>	<b>\$512,121</b>	<b>\$538,568</b>	<b>\$577,925</b>	<b>\$697,846</b>	<b>\$708,314</b>	<b>\$3,319,239</b>
<b>Golf Operations (includes cart staff)</b>						
Payroll (including overtime, seasonal, temp)	\$130,000	\$133,900	\$137,917	\$150,000	\$152,250	\$652,567
Cart Repair & Maintenance	\$1,950	\$2,009	\$2,069	\$2,400	\$2,436	\$10,827
Cart Lease	\$5,357	\$56,160	\$57,845	\$79,242	\$79,242	\$209,082
Scorecards	\$1,656	\$1,730	\$1,755	\$2,250	\$2,274	\$9,359
Range Expense	\$3,000	\$3,090	\$3,183	\$4,200	\$4,263	\$17,473
Uniforms	\$1,133	\$1,167	\$1,202	\$2,200	\$2,233	\$6,802
Operating Supplies	\$1,545	\$1,591	\$1,639	\$4,100	\$4,162	\$10,375
Cart Utilities	\$6,541	\$6,953	\$7,174	\$8,884	\$9,018	\$39,811
Travel/Dues	\$1,641	\$1,691	\$1,741	\$1,794	\$1,820	\$10,030
Other	\$838	\$864	\$890	\$916	\$944	\$5,124
<b>Total Expenses</b>	<b>\$153,662</b>	<b>\$209,155</b>	<b>\$215,414</b>	<b>\$255,985</b>	<b>\$258,641</b>	<b>\$971,450</b>
<b>Food &amp; Beverage Operations (incl. banquet):</b>						<b>\$0</b>
Payroll (including overtime, seasonal, temp)	\$76,226	\$187,049	\$230,164	\$291,766	\$338,660	\$926,255
Paper Products	\$2,199	\$4,562	\$5,614	\$7,116	\$8,260	\$22,129
Cleaning Supplies	\$1,099	\$3,194	\$3,930	\$4,981	\$5,782	\$14,523
Restaurant Supplies	\$4,398	\$12,774	\$15,719	\$19,926	\$23,128	\$74,425
Licenses/Permits	\$5,167	\$5,322	\$5,481	\$5,646	\$5,815	\$31,573
Equipment Repairs	\$1,099	\$3,422	\$4,210	\$5,337	\$6,195	\$15,388
Uniforms	\$3,430	\$8,417	\$10,357	\$13,129	\$15,240	\$38,531
Contract Services	\$515	\$530	\$546	\$563	\$580	\$2,655
Other	\$2,565	\$7,984	\$9,824	\$12,453	\$14,455	\$35,905

## EXPENSE PROJECTIONS

	2015	2016	2017	2018	2019	Total (1-6)
<b>Total Expenses</b>	<b>\$96,699</b>	<b>\$240,096</b>	<b>\$294,266</b>	<b>\$371,592</b>	<b>\$430,504</b>	<b>\$1,187,322</b>
<b>Other Expenses:</b>						<b>\$0</b>
City overhead allocation	\$34,410	\$34,926	\$35,450	\$35,981	\$36,521	<b>\$208,067</b>
Clubhouse Utilities	\$11,500	\$18,000	\$25,000	\$25,750	\$26,523	<b>\$102,415</b>
Clubhouse Maintenance	\$6,241	\$7,500	\$8,250	\$8,498	\$8,752	<b>\$42,518</b>
Postage and delivery	\$52	\$54	\$55	\$57	\$59	<b>\$319</b>
Bank charges	\$10,857	\$11,183	\$11,518	\$11,864	\$12,220	<b>\$66,347</b>
Internet	\$889	\$915	\$943	\$971	\$1,000	<b>\$5,430</b>
Phone	\$910	\$937	\$965	\$994	\$1,024	<b>\$5,558</b>
Satellite TV	\$1,380	\$1,421	\$1,464	\$1,508	\$1,553	<b>\$8,433</b>
Marketing	\$19,885	\$28,349	\$32,101	\$43,903	\$47,403	<b>\$134,152</b>
Management Fee (Supervisory)	\$44,674	\$60,539	\$66,858	\$91,868	\$98,393	<b>\$685,074</b>
Other Expenses:	\$1,002	\$1,032	\$1,063	\$1,094	\$1,127	<b>\$6,120</b>
Insurance	\$24,517	\$25,252	\$26,010	\$26,790	\$27,594	<b>\$149,823</b>
<b>Total Expenses</b>	<b>\$156,315</b>	<b>\$190,108</b>	<b>\$209,677</b>	<b>\$249,278</b>	<b>\$262,169</b>	<b>\$1,414,258</b>
						<b>\$0</b>
<b>TOTAL EXPENSES</b>	<b>\$918,797</b>	<b>\$1,177,927</b>	<b>\$1,297,282</b>	<b>\$1,574,701</b>	<b>\$1,659,628</b>	<b>\$6,892,270</b>

## Cash Flow

## CASH FLOW ANALYSIS

	2015	2016	2017	2018	2019	Total 2014-19
<b>Rounds</b>	<b>33,500</b>	<b>35,000</b>	<b>35,500</b>	<b>45,500</b>	<b>46,000</b>	<b>276,000</b>
<b>Revenues</b>						
<b>Golf Operations</b>	\$774,620	\$889,936	\$987,174	\$1,358,304	\$1,413,292	<b>\$6,386,304</b>
<b>Membership</b>	\$219,605	\$222,508	\$231,895	\$371,845	\$391,864	<b>\$1,685,136</b>
<b>Catering/Weddings</b>	\$0	\$305,000	\$386,000	\$465,000	\$565,000	<b>\$1,721,000</b>
<b>Total REVENUE</b>	<b>\$994,225</b>	<b>\$1,417,444</b>	<b>\$1,605,069</b>	<b>\$2,195,149</b>	<b>\$2,370,156</b>	<b>\$9,792,440</b>
<b>Cost of Sales</b>	<b>\$100,747</b>	<b>\$206,663</b>	<b>\$267,900</b>	<b>\$357,795</b>	<b>\$402,298</b>	<b>\$1,456,287</b>
<b>Gross Profit</b>	<b>\$893,478</b>	<b>\$1,210,781</b>	<b>\$1,337,169</b>	<b>\$1,837,354</b>	<b>\$1,967,858</b>	<b>\$8,336,153</b>
<b>Expenses</b>						
<b>Golf Operations</b>	\$153,662	\$209,155	\$215,414	\$255,985	\$258,641	<b>\$1,172,519</b>
<b>Golf Maintenance</b>	\$512,121	\$538,568	\$577,925	\$697,846	\$708,314	<b>\$3,539,948</b>
<b>Food and Beverage</b>	\$96,699	\$240,096	\$294,266	\$371,592	\$430,504	<b>\$1,525,276</b>
<b>Other Expenses</b>	\$156,315	\$190,108	\$209,677	\$249,278	\$262,169	<b>\$1,374,253</b>
<b>Total Expenses</b>	<b>\$918,797</b>	<b>\$1,177,927</b>	<b>\$1,297,282</b>	<b>\$1,574,701</b>	<b>\$1,659,628</b>	<b>\$7,611,996</b>
<b>Net Operating Income</b>	<b>-\$25,319</b>	<b>\$32,854</b>	<b>\$39,887</b>	<b>\$262,653</b>	<b>\$308,230</b>	<b>\$724,157</b>
<b>Loan Payment</b>	<b>(\$462,443)</b>	<b>(\$462,443)</b>	<b>(\$462,443)</b>	<b>(\$462,443)</b>	<b>(\$462,443)</b>	<b>-\$2,312,215</b>
<b>RETAINED CASH FLOW</b>	<b>\$(487,762)</b>	<b>\$(429,589)</b>	<b>\$(422,556)</b>	<b>\$(199,790)</b>	<b>\$(154,213)</b>	<b>\$(1,588,058)</b>

# CASH FLOW ANALYSIS

	2020	2021	2022	2023	2024	Total 2020-24	Total 2020-24
<b>Rounds</b>							
<b>Revenues</b>							
Golf Operations	\$1,441,558	\$1,470,389	\$1,499,797	\$1,529,793	\$1,560,389	\$7,501,926	\$13,888,229
Membership	\$399,701	\$407,695	\$415,849	\$424,166	\$432,649	\$2,080,059	\$3,765,196
Catering/Weddings	\$576,300	\$587,826	\$599,583	\$611,574	\$623,806	\$2,999,088	\$4,720,088
<b>Total REVENUE</b>	<b>\$2,417,559</b>	<b>\$2,465,910</b>	<b>\$2,515,228</b>	<b>\$2,565,533</b>	<b>\$2,616,843</b>	<b>\$12,581,073</b>	<b>\$22,373,513</b>
Cost of Sales	\$408,332	\$414,457	\$420,674	\$426,984	\$433,389	\$2,103,838	\$3,560,125
<b>Gross Profit</b>	<b>\$2,009,226</b>	<b>\$2,051,453</b>	<b>\$2,094,554</b>	<b>\$2,138,548</b>	<b>\$2,183,454</b>	<b>\$10,477,236</b>	<b>\$18,813,388</b>
<b>Expenses</b>							\$0
Golf Operations	\$262,521	\$266,458	\$270,455	\$274,512	\$278,630	\$1,352,577	\$2,525,096
Golf Maintenance	\$718,938	\$729,722	\$740,668	\$751,778	\$763,055	\$3,704,162	\$7,244,110
Food and Beverage	\$436,962	\$443,516	\$450,169	\$456,922	\$463,776	\$2,251,345	\$3,776,620
Other Expenses	\$266,101	\$270,093	\$274,144	\$278,256	\$282,430	\$1,371,024	\$2,745,277
<b>Total Expenses</b>	<b>\$1,684,522</b>	<b>\$1,709,790</b>	<b>\$1,735,437</b>	<b>\$1,761,468</b>	<b>\$1,787,890</b>	<b>\$8,679,107</b>	<b>\$16,291,103</b>
<b>Net Operating Income</b>	<b>\$324,704</b>	<b>\$341,663</b>	<b>\$359,117</b>	<b>\$377,080</b>	<b>\$395,564</b>	<b>\$1,798,128</b>	<b>\$2,522,285</b>
Loan Payment	(\$462,443)	(\$462,443)	(\$462,443)	(\$462,443)	(\$462,443)	-\$2,312,215	-\$4,624,430
<b>RETAINED CASH FLOW</b>	<b>\$(137,739)</b>	<b>\$(120,780)</b>	<b>\$(103,326)</b>	<b>\$ (85,363)</b>	<b>\$ (66,879)</b>	<b>\$(514,086)</b>	<b>\$(2,102,144)</b>

# Resort

## Revenue

### GOLF REVENUE PROJECTIONS

	2015	2016	2017	2018	2019	Total
	9 holes cl	9 holes cl	9 holes cl	Grand Open		
<b>ROUNDS</b>						
18 Holes Non Resident	693	1,050	1,598	6,440	8,550	19,180
Members	16,140	14,490	14,019	14,376	13,067	91,846
Patron 18	854	1,505	1,846	2,438	2,565	10,254
Patron 9	1,442	1,435	1,491	2,300	2,613	11,046
18 Hole Resident	2,655	4,375	4,615	5,520	5,700	26,114
Nine Hole Resident	5,159	5,950	5,782	7,062	6,912	37,179
Twilight/Afternoon	911	1,050	1,065	1,380	1,425	6,946
9 holes non-resident	295	350	340	690	998	3,033
Seniors/Juniors/Ladies/Military	1,616	1,750	1,701	2,077	2,033	11,154
Seniors etc. 9 hole	2,176	1,995	2,024	2,471	2,419	13,747
Specials/Coupons/Promotions	1,558	1,050	1,020	1,246	1,220	8,002
<b>TOTAL Green Fee Rnds</b>	<b>33,500</b>	<b>35,000</b>	<b>35,500</b>	<b>46,000</b>	<b>47,500</b>	<b>238,500</b>
<b>Cart Rounds</b>						
18-Hole Cart	9,772	9,703	9,785	12,825	13,243	68,318
9-Hole Cart	5,889	9,704	10,237	12,244	12,643	64,722
<b>TOTAL Cart Rounds</b>	<b>15,661</b>	<b>19,407</b>	<b>20,022</b>	<b>25,069</b>	<b>25,886</b>	<b>133,040</b>
<b>Membership Totals</b>						
<b>New Members</b>						
Single unlimited	(25)	(3)	2	(2)	1	(30)
Family Unlimited	(5)			(2)	-	(9)
Senior Unlimited	(35)	(2)	1	(3)	1	(42)
Senior Couple	(2)			(1)	-	(5)
Junior Unlimited	(10)	(2)		(4)	-	(19)
Young Adult Unlimited	(13)	(1)		(1)	-	(18)
Single 5-day	65	10	4	6	4	89
Couple 5-day	5	3	1	1	1	11
Patron Gold	15	12	15	10	5	60
Patron Silver	10	4	5	8	15	42
<b>Total Members</b>						
Single unlimited	103	100	102	100	101	
Family Unlimited	20	20	20	18	18	
Senior Unlimited	110	108	109	106	107	
Senior Couple	7	7	7	6	6	
Junior Unlimited	42	40	40	36	36	
Young Adult Unlimited	44	43	43	42	42	
Single 5-day	65	75	79	85	89	
Couple 5-day	5	8	9	10	11	
Patron Gold	151	163	178	188	193	
Patron Silver	10	14	19	27	42	
<b>TOTAL Members</b>	<b>557</b>	<b>578</b>	<b>606</b>	<b>618</b>	<b>645</b>	<b>79</b>
<b>Average Fees</b>						
18 Holes Non Resident	\$26.32	\$36.50	\$37.23	\$61.22	\$61.22	
Members	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Patron 18	\$14.69	\$15.10	\$15.40	\$17.15	\$17.15	

## GOLF REVENUE PROJECTIONS

	2015	2016	2017	2018	2019	Total
Patron 9	\$8.22	\$8.65	\$8.82	\$9.65	\$9.65	
18 Hole Resident	\$29.38	\$30.20	\$30.80	\$34.30	\$34.30	
Nine Hole Resident	\$16.43	\$17.30	\$17.65	\$19.30	\$19.30	
Twilight/Afternoon	\$18.97	\$15.75	\$16.07	\$18.20	\$18.20	
9 holes non-resident	\$16.98	\$19.10	\$19.48	\$27.20	\$27.20	
Seniors/Juniors/Ladies/Military	\$26.99	\$25.50	\$26.01	\$30.50	\$30.50	
Seniors etc. 9 hole	\$17.25	\$17.10	\$17.44	\$19.70	\$19.70	
Specials/Coupons/Promotions	\$24.74	\$23.30	\$23.77	\$29.70	\$29.70	
<b>Cart Rounds</b>						
18 Hole	\$11.48	\$11.70	\$11.94	\$14.20	\$14.20	
9 Hole	\$6.63	\$6.77	\$6.90	\$8.10	\$8.10	
<b>Membership</b>						
Single unlimited	\$650	\$750	\$775	\$1,000	\$1,000	
Family Unlimited	\$1,050	\$1,450	\$1,500	\$1,750	\$1,750	
Senior Unlimited	\$600	\$650	\$675	\$750	\$750	
Senior Couple	\$1,000	\$1,050	\$1,100	\$1,200	\$1,200	
Junior Unlimited	\$325	\$350	\$350	\$400	\$400	
Young Adult Unlimited	\$450	\$475	\$500	\$550	\$550	
Single 5-day	\$0	\$475	\$475	\$550	\$550	
Couple 5-day	\$800	\$825	\$825	\$950	\$950	
Patron Gold	\$185	\$189	\$192	\$240	\$240	
Patron Silver	\$40	\$41	\$42	\$42	\$43	
<b>Other</b>						
Driving Range/Round	\$ 1.09	\$ 2.10	\$ 2.20	\$ 2.35	\$ 2.35	
Food & Bev/Round	\$4.38	\$4.46	\$6.00	\$7.25	\$7.25	
Merchandise/Round	\$1.99	\$2.75	\$3.50	\$4.75	\$4.75	
<b>REVENUE</b>						
<b>Green Fees</b>						
18 Holes Non Resident	\$18,249	\$38,325	\$59,475	\$394,257	\$523,431	<b>\$1,055,633</b>
Members	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Patron 18	\$12,547	\$22,726	\$28,432	\$41,812	\$43,990	<b>\$163,006</b>
Patron 9	\$11,849	\$12,413	\$13,155	\$22,195	\$25,211	<b>\$99,119</b>
18 Hole Resident	\$77,990	\$132,125	\$142,160	\$189,336	\$195,510	<b>\$830,699</b>
Nine Hole Resident	\$84,774	\$102,935	\$102,032	\$136,288	\$133,400	<b>\$661,146</b>
Twilight/Afternoon	\$17,287	\$16,538	\$17,109	\$25,116	\$25,935	<b>\$122,728</b>
9 holes non-resident	\$5,007	\$6,685	\$6,626	\$18,768	\$27,132	<b>\$70,225</b>
Seniors/Juniors/Ladies/Military	\$43,607	\$44,625	\$44,233	\$63,346	\$62,004	<b>\$310,138</b>
Seniors etc. 9 hole	\$37,540	\$34,115	\$35,294	\$48,683	\$47,652	<b>\$248,327</b>
Specials/Coupons/Promotions	\$38,548	\$24,465	\$24,250	\$37,011	\$36,226	<b>\$206,753</b>
<b>TOTAL Green Fee Revenue</b>	<b>\$347,397</b>	<b>\$434,950</b>	<b>\$472,767</b>	<b>\$976,811</b>	<b>\$1,120,490</b>	<b>\$3,767,774</b>
<b>Cart Rounds</b>						
18 Hole	\$112,138	\$113,564	\$116,819	\$182,113	\$188,052	<b>\$858,819</b>
9 Hole	\$39,058	\$65,651	\$70,638	\$99,176	\$102,410	<b>\$468,003</b>
<b>TOTAL Cart Revenue</b>	<b>\$151,196</b>	<b>\$179,216</b>	<b>\$187,457</b>	<b>\$281,290</b>	<b>\$290,462</b>	<b>\$1,326,822</b>
	\$14.88	\$17.55	\$18.60	\$27.35	\$29.70	
<b>Membership</b>						
Single unlimited	\$66,950	\$75,000	\$79,050	\$100,000	\$101,000	<b>\$505,200</b>

## GOLF REVENUE PROJECTIONS

	2015	2016	2017	2018	2019	Total
Family Unlimited	\$21,000	\$29,000	\$30,000	\$31,500	\$31,500	\$169,250
Senior Unlimited	\$66,000	\$70,200	\$73,575	\$79,500	\$80,250	\$437,675
Senior Couple	\$7,000	\$7,350	\$7,700	\$7,200	\$7,200	\$44,010
Junior Unlimited	\$13,650	\$14,000	\$14,000	\$14,400	\$14,400	\$84,750
Young Adult Unlimited	\$19,800	\$20,425	\$21,500	\$23,100	\$23,100	\$130,725
Single 5-day	\$0	\$35,625	\$37,525	\$46,750	\$48,950	\$168,850
Couple 5-day	\$4,000	\$6,600	\$7,425	\$9,500	\$10,450	\$37,975
Patron Gold	\$27,935	\$30,758	\$34,260	\$45,120	\$46,320	\$209,553
Patron Silver	\$400	\$571	\$791	\$1,146	\$1,818	\$4,726
<b>TOTAL Membership</b>	<b>\$226,735</b>	<b>\$289,529</b>	<b>\$305,826</b>	<b>\$358,216</b>	<b>\$364,988</b>	<b>\$1,792,715</b>
<b>Other Revenue</b>						
Driving Range	\$36,515	\$73,500	\$78,100	\$108,100	\$111,625	\$450,480
Food & Beverage	\$146,589	\$156,216	\$213,000	\$333,500	\$344,375	\$1,369,570
Banquet		\$305,000	\$386,000	\$540,000	\$645,000	\$1,876,000
Merchandise	\$66,632	\$96,250	\$124,250	\$218,500	\$225,625	\$811,207
Other Revenue	\$9,753	\$10,190	\$10,335	\$13,392	\$13,829	\$69,437
<b>TOTAL Other Revenue</b>	<b>\$259,489</b>	<b>\$641,156</b>	<b>\$811,685</b>	<b>\$1,213,492</b>	<b>\$1,340,454</b>	<b>\$4,576,694</b>
<b>GROSS REVENUE</b>	<b>\$984,816</b>	<b>\$1,544,851</b>	<b>\$1,777,735</b>	<b>\$2,829,809</b>	<b>\$3,116,395</b>	<b>\$11,464,004</b>
<b>COST OF GOODS</b>						
Food & Beverage	\$52,772	\$56,238	\$76,680	\$120,060	\$123,975	\$493,045
Banquet	\$0	\$99,300	\$124,125	\$173,775	\$208,530	\$605,730
Merchandise	\$47,975	\$69,300	\$89,460	\$157,320	\$162,450	\$584,069
<b>Total Cost of Goods</b>	<b>\$100,747</b>	<b>\$224,838</b>	<b>\$290,265</b>	<b>\$451,155</b>	<b>\$494,955</b>	<b>\$1,682,844</b>
<b>GROSS PROFIT</b>	<b>\$884,069</b>	<b>\$1,320,013</b>	<b>\$1,487,470</b>	<b>\$2,378,654</b>	<b>\$2,621,440</b>	<b>\$9,781,160</b>

## Expenses

### EXPENSE PROJECTIONS

	2015 9 holes cl	2016 9 holes cl	2017 9 holes cl	2018 Grand Open	2019	Total (1- 6)
<b>Golf Course Maintenance</b>						
Payroll (including overtime, seasonal, temp)	\$188,000	\$195,000	\$200,000	\$260,000	\$263,900	\$1,125,100
Fertilizers and Chemicals	\$22,026	\$23,347	\$25,682	\$35,954	\$36,494	\$169,474
Gas & Oil	\$25,388	\$26,911	\$29,602	\$41,443	\$42,064	\$195,343
Equipment Repair and Maintenance	\$7,000	\$7,420	\$8,162	\$11,427	\$11,598	\$44,009
Equipment Lease	\$125,816	\$133,365	\$146,701	\$205,382	\$208,463	\$862,896
Seed & Sod	\$10,500	\$11,130	\$12,243	\$17,140	\$17,397	\$83,513
Irrigation Repair	\$3,850	\$4,081	\$4,489	\$6,285	\$6,379	\$24,205
Soil, Sand & Gravel	\$4,200	\$4,452	\$4,897	\$6,856	\$6,959	\$26,405
Drainage	\$3,500	\$3,710	\$4,081	\$5,713	\$5,799	\$22,004
Equipment Rental	\$37,178	\$39,409	\$43,350	\$50,000	\$50,750	\$241,595
Uniforms	\$1,050	\$1,113	\$1,224	\$1,714	\$1,740	\$6,601
Course Accessories	\$2,800	\$2,968	\$3,265	\$4,571	\$4,639	\$17,604
Repairs & Maintenance	\$41,200	\$43,672	\$48,039	\$55,000	\$55,825	\$277,911
Small Equipment	\$5,513	\$5,844	\$6,429	\$9,000	\$9,135	\$42,423
Utilities	\$22,200	\$23,532	\$25,885	\$29,000	\$29,435	\$143,406
Course Landscaping	\$3,500	\$3,710	\$4,081	\$5,713	\$5,799	\$22,004
Vehicles	\$2,100	\$2,226	\$2,449	\$3,428	\$3,479	\$13,203
Misc.	\$3,500	\$3,710	\$4,081	\$5,713	\$5,799	\$22,004
Operating Supplies	\$2,800	\$2,968	\$3,265	\$4,571	\$4,639	\$40,604
<b>Total Expenses</b>	<b>\$512,121</b>	<b>\$538,568</b>	<b>\$577,925</b>	<b>\$758,911</b>	<b>\$770,295</b>	<b>\$3,380,305</b>
<b>Golf Operations (includes cart staff)</b>						
Payroll (including overtime, seasonal, temp)	\$130,000	\$133,900	\$137,917	\$165,000	\$167,475	\$667,567
Cart Repair & Maintenance	\$1,950	\$2,009	\$2,069	\$2,400	\$2,436	\$10,827
Cart Lease	\$5,357	\$56,160	\$57,845	\$79,242	\$79,242	\$209,082
Scorecards	\$1,656	\$1,730	\$1,755	\$2,274	\$2,348	\$9,384
Range Expense	\$3,000	\$3,090	\$3,183	\$4,200	\$4,263	\$17,473
Uniforms	\$1,133	\$1,167	\$1,202	\$2,200	\$2,233	\$6,802
Operating Supplies	\$1,545	\$1,591	\$1,639	\$4,100	\$4,162	\$10,375
Cart Utilities	\$5,951	\$7,375	\$7,608	\$9,526	\$9,669	\$40,718
Travel/Dues	\$1,641	\$1,691	\$1,741	\$1,794	\$1,820	\$10,030
Other	\$838	\$864	\$890	\$916	\$944	\$5,124
<b>Total Expenses</b>	<b>\$153,072</b>	<b>\$209,576</b>	<b>\$215,848</b>	<b>\$271,652</b>	<b>\$274,592</b>	<b>\$987,382</b>
<b>Food &amp; Beverage Operations (incl. banquet):</b>						
						<b>\$0</b>
Payroll (including overtime, seasonal, temp)	\$76,226	\$187,049	\$241,080	\$351,985	\$399,494	\$997,390
Paper Products	\$2,199	\$4,562	\$5,880	\$8,585	\$9,744	\$23,864
Cleaning Supplies	\$1,099	\$3,194	\$4,116	\$6,010	\$6,821	\$15,738
Restaurant Supplies	\$4,398	\$12,774	\$16,464	\$24,038	\$27,283	\$79,283
Licenses/Permits	\$5,167	\$5,322	\$5,481	\$5,646	\$5,815	\$31,573
Equipment Repairs	\$1,099	\$3,422	\$4,410	\$6,439	\$7,308	\$16,689
Uniforms	\$3,430	\$8,417	\$10,849	\$15,839	\$17,977	\$41,733
Contract Services	\$515	\$530	\$546	\$563	\$580	\$2,655
Other	\$2,565	\$7,984	\$10,290	\$15,024	\$17,052	\$38,941

## EXPENSE PROJECTIONS

	2015	2016	2017	2018	2019	Total (1-6)
<b>Total Expenses</b>	<b>\$96,699</b>	<b>\$240,096</b>	<b>\$307,936</b>	<b>\$447,005</b>	<b>\$506,688</b>	<b>\$1,276,406</b>
<b>Other Expenses:</b>						<b>\$0</b>
City overhead allocation	\$34,410	\$34,926	\$35,450	\$35,981	\$36,521	<b>\$208,067</b>
Clubhouse Utilities	\$11,500	\$18,000	\$25,000	\$25,750	\$26,523	<b>\$102,415</b>
Clubhouse Maintenance	\$6,241	\$7,500	\$8,250	\$8,498	\$8,752	<b>\$42,518</b>
Postage and delivery	\$52	\$54	\$55	\$57	\$59	<b>\$319</b>
Bank charges	\$10,857	\$11,183	\$11,518	\$11,864	\$12,220	<b>\$66,347</b>
Internet	\$889	\$915	\$943	\$971	\$1,000	<b>\$5,430</b>
Phone	\$910	\$937	\$965	\$994	\$1,024	<b>\$5,558</b>
Satellite TV	\$1,380	\$1,421	\$1,464	\$1,508	\$1,553	<b>\$8,433</b>
Marketing	\$19,696	\$30,897	\$35,555	\$56,596	\$62,328	<b>\$152,658</b>
Management Fee (Supervisory)	\$44,203	\$66,001	\$74,374	\$118,933	\$131,072	<b>\$724,645</b>
Other Expenses:	\$1,002	\$1,032	\$1,063	\$1,094	\$1,127	<b>\$6,120</b>
Insurance	\$24,517	\$25,252	\$26,010	\$26,790	\$27,594	<b>\$149,823</b>
<b>Total Expenses</b>	<b>\$155,656</b>	<b>\$198,117</b>	<b>\$220,646</b>	<b>\$289,036</b>	<b>\$309,773</b>	<b>\$1,472,336</b>
						<b>\$0</b>
<b>TOTAL EXPENSES</b>	<b>\$917,549</b>	<b>\$1,186,358</b>	<b>\$1,322,355</b>	<b>\$1,766,604</b>	<b>\$1,861,346</b>	<b>\$7,116,429</b>

## Cash Flow

## CASH FLOW ANALYSIS

	2015	2016	2017	2018	2019	Total 2014-19
<b>Rounds</b>	<b>33,500</b>	<b>35,000</b>	<b>35,500</b>	<b>46,000</b>	<b>47,500</b>	<b>278,000</b>
<b>Revenues</b>						
<b>Golf Operations</b>	\$758,081	\$950,322	\$1,085,909	\$1,931,593	\$2,106,406	<b>\$7,795,289</b>
<b>Membership</b>	\$226,735	\$289,529	\$305,826	\$358,216	\$364,988	<b>\$1,792,715</b>
<b>Catering/Weddings</b>	\$0	\$305,000	\$386,000	\$540,000	\$645,000	<b>\$1,876,000</b>
<b>Total REVENUE</b>	<b>\$984,816</b>	<b>\$1,544,851</b>	<b>\$1,777,735</b>	<b>\$2,829,809</b>	<b>\$3,116,395</b>	<b>\$11,464,004</b>
<b>Cost of Sales</b>	<b>\$100,747</b>	<b>\$224,838</b>	<b>\$290,265</b>	<b>\$451,155</b>	<b>\$494,955</b>	<b>\$1,682,844</b>
<b>Gross Profit</b>	<b>\$884,069</b>	<b>\$1,320,013</b>	<b>\$1,487,470</b>	<b>\$2,378,654</b>	<b>\$2,621,440</b>	<b>\$9,781,160</b>
<b>Expenses</b>						
<b>Golf Operations</b>	\$153,072	\$209,576	\$215,848	\$271,652	\$274,592	<b>\$1,204,402</b>
<b>Golf Maintenance</b>	\$512,121	\$538,568	\$577,925	\$758,911	\$770,295	<b>\$3,662,994</b>
<b>Food and Beverage</b>	\$96,699	\$240,096	\$307,936	\$447,005	\$506,688	<b>\$1,690,542</b>
<b>Other Expenses</b>	\$155,656	\$198,117	\$220,646	\$289,036	\$309,773	<b>\$1,479,935</b>
<b>Total Expenses</b>	<b>\$917,549</b>	<b>\$1,186,358</b>	<b>\$1,322,355</b>	<b>\$1,766,604</b>	<b>\$1,861,346</b>	<b>\$8,037,873</b>
<b>Net Operating Income</b>	<b>-\$33,479</b>	<b>\$133,655</b>	<b>\$165,115</b>	<b>\$612,050</b>	<b>\$760,093</b>	<b>\$1,743,287</b>
<b>Loan Payment</b>	<b>(\$578,054)</b>	<b>(\$578,054)</b>	<b>(\$578,054)</b>	<b>(\$578,054)</b>	<b>(\$578,054)</b>	<b>-\$2,890,269</b>
<b>RETAINED CASH FLOW</b>	<b>(\$611,533)</b>	<b>(\$444,398)</b>	<b>(\$412,939)</b>	<b>\$33,997</b>	<b>\$182,040</b>	<b>(\$1,146,981)</b>

# CASH FLOW ANALYSIS

	2020	2021	2022	2023	2024	Total 2020-24	Total 2020-24
<b>Rounds</b>							
<b>Revenues</b>							
Golf Operations	\$2,148,534	\$2,191,505	\$2,235,335	\$2,280,042	\$2,325,643	\$11,181,059	\$18,976,348
Membership	\$372,288	\$379,734	\$387,329	\$395,075	\$402,977	\$1,937,403	\$3,730,118
Catering/Weddings	\$657,900	\$671,058	\$684,479	\$698,169	\$712,132	\$3,423,738	\$5,299,738
<b>Total REVENUE</b>	<b>\$3,178,723</b>	<b>\$3,242,297</b>	<b>\$3,307,143</b>	<b>\$3,373,286</b>	<b>\$3,440,752</b>	<b>\$16,542,200</b>	<b>\$28,006,204</b>
Cost of Sales	\$502,379	\$509,915	\$517,564	\$525,327	\$533,207	\$2,588,392	\$4,271,236
<b>Gross Profit</b>	<b>\$2,676,343</b>	<b>\$2,732,382</b>	<b>\$2,789,579</b>	<b>\$2,847,959</b>	<b>\$2,907,544</b>	<b>\$13,953,808</b>	<b>\$23,734,968</b>
<b>Expenses</b>							\$0
Golf Operations	\$278,711	\$282,891	\$287,135	\$291,442	\$295,813	\$1,435,991	\$2,640,393
Golf Maintenance	\$781,849	\$793,577	\$805,480	\$817,563	\$829,826	\$4,028,295	\$7,691,289
Food and Beverage	\$514,288	\$522,002	\$529,832	\$537,780	\$545,846	\$2,649,748	\$4,340,291
Other Expenses	\$314,419	\$319,135	\$323,922	\$328,781	\$333,713	\$1,619,971	\$3,099,906
<b>Total Expenses</b>	<b>\$1,889,267</b>	<b>\$1,917,606</b>	<b>\$1,946,370</b>	<b>\$1,975,565</b>	<b>\$2,005,199</b>	<b>\$9,734,005</b>	<b>\$17,771,878</b>
<b>Net Operating Income</b>	<b>\$787,077</b>	<b>\$814,777</b>	<b>\$843,210</b>	<b>\$872,394</b>	<b>\$902,346</b>	<b>\$4,219,802</b>	<b>\$5,963,090</b>
Loan Payment	(\$578,054)	(\$578,054)	(\$578,054)	(\$578,054)	(\$578,054)	-\$2,890,269	-\$5,780,537
<b>RETAINED CASH FLOW</b>	<b>\$209,023</b>	<b>\$236,723</b>	<b>\$265,156</b>	<b>\$294,340</b>	<b>\$324,292</b>	<b>\$1,329,534</b>	<b>\$182,552</b>